The dynamics of British policy towards Sweden, 1942-1945.

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ABSTRACT

"The Dynamics of British policy towards Sweden, 1942-1945"

Much has been written about Sweden's place in British strategy during the first nine months of World War II but insufficient attention has been given to what transpired between Britain and Sweden during subsequent stages of the war.

The extant literature about Anglo-Swedish relations during World War II is limited to published American diplomatic papers, isolated references in British official histories devoted to broader subjects, or Swedish works which lack sufficient insight into British attitudes.

These earlier publications raise, but do not consider in detail, significant questions concerning British interests in Sweden, Britain's attitude towards American economic warfare strategy, and Britain's declining influence as a great power.

The present work, which draws heavily from unpublished British and American official records as well as relevant secondary sources, is a comprehensive examination of the political, economic and military dimensions of British policy towards Sweden between 1942 and 1945.

It deals with such issues as London's declining interest in economic warfare during the last years of the war, British attitudes towards Sweden's possible intervention in the war, and Anglo-American competition for influence over Swedish military and civil aviation.

This thesis assesses the extent to which wartime concerns such as intelligence activities and long-term commercial interests influenced Britain's outlook toward Sweden.

It also considers whether this outlook reflected British perceptions of the transforming world order in which an economically weak Britain would be confronted with a commercially aggressive United States and a powerful expansionist Soviet Union after the war.

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CHAPTER ONE

ANGLO-SWEDISH RELATIONS BEFORE PEARL HARBOR

Britain's relationship with Sweden between 1942 and 1945 is one of the least understood areas of British wartime diplomacy. Most published English language sources have dealt exclusively with iron ore and the various schemes advanced by Churchill and others between September 1939 and June 1940 to curtail this trade.[1] Little attention has been given to what transpired between Britain and Sweden after the Anglo-French expedition was withdrawn from Narvik in June 1940. The only detailed examination, from a British perspective, of any aspect of Anglo-Swedish relations[2] is found in two chapters of Medlicott's official

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[1]Thomas Munch-Petersen, The Strategy of Phoney War: Britain, Sweden and the Iron Ore Question 1939-1940 (Stockholm: Militärhistoriska Förlaget, 1981).
Nevakivi Jukka, The Appeal that was Never Made: The Allies, Scandinavia and the Finnish Winter War 1939-1940 (London: C. Hurst & Company, 1976).
David Dilks, "Great Britain and Scandinavia in the Phoney War," Scandinavian Journal of History, 2: 1-2 (1977).
R.A.C. Parker, "Britain, France and Scandinavia 1939-40," History 61: 203 (1976).
Sir Llewelyn Woodward, British Foreign Policy in the Second World War, Vol. I (London: Her Majesty's Stationery Office, 1970).
T.K. Derry, The Campaign in Norway (London: H.M.S.O., 1952).
W.N. Medlicott, The Economic Blockade, Vol. I (London: H.M.S.O. and Longman's, 1952).

[2]There are a few popular works, dealing mainly with such clandestine British activities in Sweden as blockade running, which shall be cited later in this thesis.

history of the Ministry of Economic Warfare.[3] Many monographs, official histories, and memoirs relating to Sweden's relations with the Great Powers throughout the war have been published in Sweden. Most of these works explain how Stockholm adjusted foreign and commercial policies when confronted with countervailing pressures from all belligerent Great Powers, neighbouring states such as Finland and Norway, and domestic opinion.[4] Accordingly, British diplomacy is treated as just one of several factors which the Swedish government had to consider, and Swedish authors often give it less attention than German intimidation tactics when they discuss the years which followed the collapse of Norway. Swedish works provide little insight into the formulation of British policy, although some mention is made of undercurrents in British opinion as perceived by Swedish diplomats.[5]

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[3]W.N. Medlicott, The Economic Blockade, Vol. II (London: H.M.S.O. and Longman's, 1959).

[4]W.M. Carlgren, Svensk utrikespolitik 1939-1945, (Stockholm: Allmänna Förlaget, for the Royal Swedish Ministry of Foreign Affairs, 1973; contains details about domestic politics which were largely cut out of the condensed English edition, Swedish Foreign Policy during the Second World War (translated by Arthur Spencer), (London: Ernest Benn, 1977).
Gunnar Hägglöf, Svensk krigshandelspolitik under andra världskriget (Stockholm: Norstedts, 1958).
Martin Fritz, German Steel and Swedish Iron Ore 1939-1945, Publication of the Institute of Economic History of Gothenburg University, 29, Kungsbacka (Gothenburg, 1974).

[5]Erik Boheman, På vakt. Kabinettssekreterare under andra världskriget (Stockholm: Norstedts, 1964).
Gunnar Hagglof, Samtida vittne 1940-1945 (Stockholm: Norstedts, 1972).

British diplomacy towards Sweden during the later years of the war is generally discussed within the context of the Allies' campaign to reduce and eventually terminate Swedish-German trade. On the basis of the extant literature of Anglo-Swedish relations, it might appear that the cessation of Swedish exports to Germany was the sole object of British policy towards Sweden between 1939 and 1945. Both Medlicott and the Swedish works acknowledge that the United States gradually came to dominate Allied policy towards Sweden between 1942 and 1945, and that the diplomatic "shock tactics"[6] employed to compel Sweden to impose an embargo against Germany in 1944 were largely American inspired. It is generally conceded that London disapproved of these methods, but British reservations are often attributed to concern over the impracticality of the methods rather than to fundamental doubts about the desirability or necessity of rupturing Swedish-German trade. Medlicott cites "manifestations of a genuine duality of outlook and tempo which were never completely reconciled" in the respective British and U.S. approaches to economic warfare, but adds that the "process of adjustment was carried out with goodwill on both sides; no one lost sight of the common goal."[7]

However, many secondary sources also indicate that London's reservations towards U.S. proposals for terminating Swedish-German trade stemmed from more than just a

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[6]Carlgren, op. cit., p. 200.

[7]W.N. Medlicott, Vol. II, op. cit., p. 46.

divergence of opinion as to the most effective means of conducting economic warfare, and that the British questioned the necessity of the 'common goal.' Medlicott intimates that, by mid-1944, London attached less importance to Swedish-German trade than did Washington, and that the British attempted to persuade the Americans to permit a residue of this trade for the war's duration. He euphemistically attributes this attitude to "reasons outside the field of economic warfare"[8] without further elaboration. David Gordon and Royden Dangerfield, officials of the M.E.W.'s American counterpart, the Foreign Economic Administration, insinuate that London did not wholeheartedly support, and in some cases obstructed, U.S. policy in order to further British commercial relations with neutral countries.[9] They provide no examples of British obstructionism, and their book is the only work openly suggesting such interference. Sir Llewellyn Woodward mentions briefly that British officials feared that a harsh Allied policy towards neutral states such as Sweden might undermine prospects for cordial British relations with these nations after the war.[10] Woodward asserts that Washington ignored London's reservations about U.S. proposals, and that the British felt obliged to support their

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[8]Ibid., p. 494, 496.

[9]David L. Gordon and Royden Dangerfield, The Hidden Weapon: The Story of Economic Warfare (New York: Harper & Bros., 1947), p. 189.

[10]Woodward, op. cit., Vol. III (London: H.M.S.O., 1971), p. 463.

ally's policy in order to preserve the common Allied war effort.

Swedish officials discerned a marked difference between the Allies' respective attitudes, in spite of London's attempts to maintain an outward display of Anglo-American unity. Moreover, the Swedes also recognized the United States' preponderant influence over Allied policy after 1942. In their memoirs, Erik Boheman[11] and Gunnar Hägglöf[12] contrast the unsympathetic outlook of most senior U.S. officials with their British counterparts' appreciation of Stockholm's efforts to remain neutral in spite of Sweden's vulnerability to German reprisals.[13] Carlgren notes that the British questioned Washington's diplomatic methods in 1944 out of concern for postwar imports from Sweden but ultimately agreed to support its ally because London did not "want to fall out with the Americans...in such a relatively minor matter."[14] He also states that

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[11]Secretary-General, Royal Ministry of Foreign Affairs, Sweden, 1938-45.

[12]Head of the Commercial Department, Royal Ministry of Foreign Affairs, Sweden, 1939-44.
Hereafter, this Branch of the Swedish Government shall be referred to as the Swedish Foreign Ministry, while its British and U.S. counterparts shall be cited as the Foreign Office and the State Department.

[13]Erik Boheman, Ibid., pp. 193-9;
Gunnar Hägglöf, Diplomat: Memoirs of Swedish Envoy in London, Paris, Berlin, Moscow, and Washington (London: The Bodley Head, 1972), p. 170.

[14]Carlgren, Swedish Foreign Policy, op. cit., p. 200.

Churchill dissuaded Roosevelt from invoking sanctions against Sweden in September 1944 because the Foreign Office desired friendly Anglo-Swedish relations to offset the growing Soviet influence in the Baltic.

A more detailed survey of Allied relations with Sweden is contained in the selection of U.S. State Department correspondence published in Foreign Relations of the United States (F.R.U.S.).[16] These documents reveal that the United States initiated nearly all important Anglo-American approaches to Sweden between 1942 and 1945, and that Britain's reluctance to support Washington fully became pronounced by the summer of 1944. Without consulting London, Washington abruptly imposed an embargo on Sweden in November 1944. The embargo was subsequently lifted after the British protested the unilateral nature of the American action and refused to support further sanctions against Sweden unless the U.S. accommodated Britain's views.[17] The embargo and London's subsequent reaction are not discussed in the secondary works, although this U.S. action precipitated Sweden's cessation of trade with Germany in January 1945.

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[15] Ibid., p. 203.

[16] Department of State, Foreign Relations of the United States, Diplomatic Papers 1944, Volume IV Europe, 1966, Washington: U.S. Government Printing Office; (hereafter cited as F.R.U.S.), pp. 660-2. See Chapter Five.

[17] Ibid., pp. 665-7.

Evidently, British and American attitudes towards Sweden were not identical. However, in the absence of a comprehensive account of Britain's policy towards Sweden, it is difficult to determine whether London's opposition to the embargo was an isolated incident or a symptom of a more fundamental difference between the Western Allies. In order to resolve this ambiguity, Chapters Two and Five will consist of a detailed study, based on unpublished British and U.S. official sources,[18] of how Britain formulated and conducted its policy towards Swedish-German trade between 1942 and 1945. The origins and development of a common Anglo-American economic warfare policy between 1942 and 1944 will be surveyed in Chapter Two. Britain's role in Allied actions during 1944 which led to the cessation of Swedish exports to Germany will be examined in Chapter Five. The study will analyze Britain's attitude towards Sweden, determine the degree to which London influenced Allied policy, and establish whether termination of Swedish-German trade was a 'common goal' shared mutually by London and Washington.

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[18] Great Britain, Public Records Office, London. Henceforth, Public Records Office documents will be cited as: PRO, followed by ADM (Admiralty), AVIA (Air Ministry - Civil Aviation), BT (Board of Trade), CAB (Cabinet Office) FO 371 (Foreign Office Political Correspondence) FO 188 (Embassy and Counsellor archives - Sweden), FO 837 (Ministry of Economic Warfare), POWE (Ministry of Supply - Iron and Steel Control), PREM (Premier's file).

United States, National Archives, Washington, D.C. Henceforth cited as:
U.S. Department of State: Record Group 59, papers, Political Affairs; Sweden, decimal file 858.00.
War History report of the American Legation at Stockholm, NA.R.G. 59, 124.586/2-2096.
U.S. War Department, Operations and Plans Division, NA.R.G. 165, OPD.

Britain's attitude towards Swedish-German trade cannot be understood fully unless it is considered within a broader context which includes the political, military, and commercial aspects of wartime Anglo-Swedish relations. Published sources present economic warfare as the dominant issue in Allied-Swedish diplomacy during the war. Was this the opinion of the British officials who drafted London's policy towards Sweden, or did they regard Swedish-German trade as one of several issues in Anglo-Swedish relations? The balance of this thesis will establish Sweden's place in British policy apart from economic warfare. Chapter Three will examine the military dimension of Anglo-Swedish relations between 1941 and 1944. The Chapter will establish whether Britain's attitude towards Sweden's trade was influenced by Swedish requests for Spitfire fighter aircraft in 1941 and 1944, by a Soviet proposal that the Allies press Sweden for air bases in Sweden, and by deception plans to confuse the Germans as to the location and nature of the second front prior to D-Day. Carlgren, Dangerfield, and Gordon have suggested that Britain was more concerned about long term questions such as postwar Anglo-Swedish trade and Sweden's possible reaction to Soviet expansion in the Baltic. The precise nature of Sweden's place in London's plans for postwar trade, reconstruction, and European security will be assessed in Chapter Four. The Chapter will also establish whether British concern over Sweden's attitude towards these long term questions outweighed British interest in stopping Swedish-German trade.

Chapter Six will examine the growth of American influence in Swedish military and civil aviation during the last nine months of the war, and how it affected Anglo-U.S. relations. The United States' sale of 50 Mustang fighter aircraft to the Swedish Air Force in February 1945, and the subsequent bilateral transatlantic airline agreement with Stockholm would seem inconsistent with the unsympathetic attitude displayed by Washington towards Sweden throughout most of the war. The American interest in Swedish aviation will be analyzed to resolve this paradox. The U.S. Air Force's official history also suggests a strong animosity between British and U.S. Air officers who operated B.O.A.C. and U.S. Army Air Transport Command courier flights to Sweden from Scotland. The Chapter will determine to what extent rivalry over operations to Sweden reflected wider British fears that the Americans were attempting, during wartime, to establish a postwar international air transport network.

Britain's attitude towards the question of Swedish intervention during the final months of the war will be examined in Chapter Seven. Churchill had indicated on various occasions throughout the conflict that he hoped Sweden would enter the war eventually. The Foreign Office and Chiefs of Staff generally overruled Churchill's suggestions because Sweden's physical isolation prevented Britain and the United States from supporting the Swedes

militarily.[19] Furthermore, the Foreign Office believed that the formidable negotiations which would be required to goad Stockholm to abandon neutrality would not be justified by the negligible advantages of Sweden's intervention. However in April 1945, Britain was pressing the Swedes to liberate Norway. Chapter Seven will examine the military and political circumstances which stimulated British interest in hastening Sweden's intervention during the last months of the war.[20]

Anglo-Swedish relations during the immediate post-war years will be surveyed in a brief epilogue in Chapter Eight. The Chapter also will assess how British influence in Sweden at the end of hostilities was affected by London's wartime policy towards Sweden.

It is clear that, in terms of Anglo-Swedish relations, the 1942-1945 period was not merely an uneventful anticlimax to the Norwegian campaign of 1940. British attitudes were shaped by circumstances, such as the alliance with the U.S. and Germany's eroding military strength, which did not exist during the first months of the war. However, it is assumed that the objectives of British policy during this period were the same as they had been

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[19] See Chapter Three:
Sir Llewellyn Woodward, British Foreign Policy in the Second World War, Vol. II (London: H.M.S.O., 1971), pp. 585-6;
Churchill, Closing the Ring (New York: Houghton Mifflin, 1951, Bantam ed., 1962), pp. 246-7, 585-6.

[20] See Chapter Seven:
Carlgren, op. cit., p. 216;
Harry S. Truman, Memoirs, Vol. I, Year of Decisions (Garden City, N.Y.: Doubleday, 1956), p. 248.

during the 'Phoney War' simply because London supported Washington's campaign to curtail Swedish-German trade between November 1942 and January 1945. The evidence suggests that the British questioned American policy and attempted to modify U.S. proposals before agreeing to endorse them. The extent of and motives behind this opposition remain unclear because a detailed examination of British policy during this period is beyond the scope of existing secondary sources.

This thesis shall analyze Anglo-Swedish relations between 1942 and 1945 to determine Sweden's place in Britain's wartime policy and postwar plans.

BACKGROUND

London's 'understanding' attitude towards Sweden in 1944 represented continuity rather than an abrupt departure in British policy towards Sweden. In the First, and throughout most of the Second World Wars, British officials were prepared to tolerate a substantial volume of Swedish-German trade. Except for the winter and spring of 1940, British officials did not consider precipitate diplomatic or military action to force the cessation of this commerce. They believed that a demand for such an extreme concession would only complicate Anglo-Swedish relations unnecessarily. In 1916, Britain tightened its blockade against Sweden to compel Stockholm to negotiate a trade agreement with the Allies. The British did not employ the blockade as a weapon to force Sweden to halt exports to Germany as the Americans did during the Second World War. London was disturbed by

Sweden's blatant pro-German behaviour during the first years of World War One, but never desired the complete cessation of Swedish exports to Germany even though they rose sharply between 1914 and 1916.[21] Rather, the blockade was intended to curtail the transhipment of contraband via Swedish ports and oblige the Swedish government to agree to British regulation of its transatlantic trade and grant economic concessions equivalent to those which had been given Germany.[22] The Ministry of Blockade rejected American proposals that the Allies should press Sweden to cease ore exports in late 1917 because London was anxious to charter 500,000 tons of Swedish shipping to reinforce Italy. In tripartite trade negotiations during the winter of 1917-18, Britain allowed the Americans to press the Swedes for drastic exports reductions so that British demands would appear moderate by comparison.[23] Sweden was

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[21] In 1913, Germany and Britain received 29.9% and 21.9% of Sweden's exports respectively. By 1915, Germany's share had risen to 36.9%, while Britain's had declined to 25.1%. Steven Koblik, Sweden the Neutral Victor: Sweden and the Western Powers 1917-1918 (Lund: Lärmedelaförlagen, 1972), p. 222.

[22] When the British first sought an agreement with Stockholm, they were concerned mainly with obtaining improved transit facilities for western freight destined for Russia via Sweden. The Swedes had permitted only a small volume of this traffic and shipments were often impounded or delayed. The Bolshevik Revolution had obviated this requirement when serious Allied-Swedish negotiations were convened in December 1917.
A.C. Bell, A History of the Blockade of Germany (London: for official use only, 1937; H.M.S.O., 1960), p. 337.

[23] Koblik, op. cit., p. 192.

eventually forced to reduce iron ore exports to Germany from 5 million tons to 3.5 million tons, which roughly corresponded to the prewar levels, and to the amount which was then being exported to Britain. However, Swedish-German trade connexions remained intact when World War I ended.

ASCENDANCE AND ECLIPSE OF ECONOMIC WARFARE 1939-1940

Sweden's iron ore exports to Germany attracted more attention in London during the late 1930's than they had during World War I. In the interwar period, many British officials were confident that, in a future conflict with Germany, economic warfare could weaken the German war effort decisively. This concept was attractive to British civil servants and politicians who were anxious to avoid a repitition of the horrors of 1914-18. They placed an exaggerated credence in the blockade's contribution to Germany's defeat in 1918, and felt that, in future, Britain could offset its military weakness by exploiting its sea power to blockade Germany and induce the European neutrals to curtail their commerce with the Reich.

Although the British government began blockade planning in the mid-1930's, the objectives and methods of economic warfare were ill-defined and often based on faulty assumptions when World War II broke out. London's intelligence about the production, shipment, and consumption of

Swedish rion ore was limited and, in some cases, wrong.[24]

Most British officials concerned with economic warfare believed that Germany would be vulnerable to commodity shortages since the Reich depended upon imports. They assumed that Germany's weak currency would prevent the Germans from accumulating an adequate stockpile during peacetime. German war production would be crippled if the blockade disrupted traffic in a specific import or "Achilles heel."[25] The Industrial Intelligence Centre, one of the M.E.W.'s precursors, believed that Germany would be vulnerable to a stoppage of ore imports from Sweden. Germany was Sweden's most important customer and Swedish ores accounted for the largest share of German imports. In June 1937, an I.I.C. memorandum argued that: "were Sweden alone to refuse to supply Germany with iron ore, German industry would come to a stop in a very short time; possibly measurable in weeks."[26] However, other government departments believed that they had found their own "Achilles heel", such as Rumanian oil. After the outbreak of the war, the competing departments vied for influence with the War Cabinet, whose members had not participated

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[24]Patrick Salmon, "British Plans for Economic Warfare against Germany, 1937-1939: The Problem of Swedish Iron Ore," Journal of Contemporary History, Vol. 16 (1981), pp. 53, 56-7.

F.H. Hinsley, E.E. Thomas, C.F.G. Ransom, and R.C. Knight, British Intelligence in the Second World War, Vol. I (London: H.M.S.O., 1979), pp. 61-7.

[25]Medlicott, Vol. I, op. cit., p. 47.

[26]Salmon, op. cit., p. 59.

in the detailed discussions about future blockade policy. In October 1939, the War Cabinet concluded that an oil shortage would be most critical to Germany, and established a special committee to determine means of disrupting Rumanian oil exports.[27] A similar organization was not established for Swedish ore. Winston Churchill, First Lord of the Admiralty, was concerned about Swedish-German trade and, shortly after assuming office, began considering various schemes to stop ore shipments.[28] Apart from Churchill, British policy towards Sweden was largely the province of inexperienced junior officials of the M.E.W. Until the Russo-Finnish 'winter war' seized the War Cabinet's attention in December.

The I.I.C. and other interested departments considered proposals for 'direct action' against Swedish exports by such means as sabotage, labour unrest, wholesale purchases of ore to pre-empt its shipment to Germany, offers of military assistance to counter Swedish fears of Germany,[29] and British military action against the mines and transport facilities. However, most of these suggestions were rejected because of their impracticality, or deferred until British interest in Swedish ore became more

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[27] Ibid., p. 67.

[28] Munch-Petersen, op. cit., p. 42.
W.S. Churchill, The Gathering Storm (New York: Houghton & Mifflin, 1948; Bantam Books edition, 1961), pp. 476-9.

[29] Salmon, op. cit., pp. 63-7.
Munch-Petersen, op. cit., pp. 32-33.

active in December 1939. Unable to interfere directly with Swedish ore shipments, London sought to persuade the Swedes to curtail this trade voluntarily. Negotiations in London during the Autumn of 1939 between the M.E.W. and a Swedish delegation headed by Boheman and banker Marcus Wallenburg resulted in the War Trade Agreement, a document which would determine much of Britain's policy towards Swedish trade until Washington pressed for a revised agreement in 1943.

The W.T.A.'s provisions for iron ore were largely framed around Swedish rather than British conditions. The Swedes, who had formulated much of their policy towards the belligerents in the spring of 1939, recognized that they would have to placate London by limiting exports and accepting British contraband regulations or face a recurrence of the privations of 1916-18. However, Germany was a more immediate and menacing neighbour.[30] Berlin had already warned Sweden that it would not tolerate a major reduction in ore exports. Stockholm anticipated that the British would press for export quotas which were well below prewar levels. Therefore, the Swedes sought to conclude an agreement with London first so that they could have a more articulate bargaining strategy when negotiating with the Germans.[31] Although the Swedish Foreign Ministry had expected that Boheman would have to accept lower export

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[30]Carlgren (Spencer ed.), op. cit., pp. 12-13. Fritz, op. cit., p. 110.

[31]Munch-Petersen, op. cit., pp. 45-46. Boheman, op. cit., p. 80.

quotas, he was given wide discretion to negotiate the most favourable terms possible. However, Boheman insisted throughout his stay in London that Sweden's vulnerability to German reprisals prevented Stockholm from accepting anything short of "normal" prewar quotas.[32] The M.E.W. had hoped to encourage Boheman to concede more but its bargaining tactics, appeals to Sweden's democratic sympathies, followed by threats to "cripple Swedish trade" were ineffective.[33] By mid-October, the Ministry decided to settle for the Swedish terms since a 'normal trade' ceiling for Swedish exports was preferable to no agreement with Stockholm.[34] Further Anglo-Swedish discussions regarding British imports from Sweden, ship chartering, and

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[32] Munch-Petersen, op. cit., pp. 48-50.

[33] Boheman, op. cit., p. 85.
Munch-Petersen, op. cit., p. 50.

[34] 'Normal' was considered to be exports to Germany as of 1939. London believed this meant 9 million tons. However, the Agreement defined 'Germany' to include all territory occupied by or incorporated into the Reich. The inclusion of prewar exports to Czechoslovakia and Poland would increase therefore Swedish exports to 'Greater Germany' to 10.5 million tons, Gunnar Hägglöf, Svensk krigshandelspolitik, op. cit., p. 84. This inherent ambiguity in the War Trade Agreement would cause an acrimonious dispute between Stockholm and the Western Allies at the end of 1943, when it was discovered that the Swedes had shipped, during 1943, 10.25 million tons to Germany, after promising to limit their trade to strictly 'normal' levels. Stockholm informed London that exports had actually fallen short of the 'normal trade' ceiling. G.H. Villiers indignantly responded, "The Swedes are trying to get away with a fast one," minute, 16 January 1944, F.O. 837/907. See also, Chapter Two.

wartime payments could not proceed until the impasse with Boheman had been overcome. Moreover, it would be difficult to induce other neutrals to conclude similar agreements if the Anglo-Swedish negotiations were deadlocked indefinitely.

London accepted Boheman's terms on the understanding that Stockholm would honour his verbal assurances that the Swedes would curtail ore exports by 'administrative methods,' such as closing mines and railways for repairs, and conscripting miners for military service. Boheman and most British officials assumed that the Royal Navy would interrupt shipping from Narvik, where most ore from northern Sweden was exported during winter when Luleå, Sweden's principal ore port, became ice-bound. The shipping disruption would provide Stockholm with a plausible answer to any German approaches about Sweden's diminishing exports. London felt that the 'gentlemen's agreement' was an unsatisfactory solution to the iron ore question, but believed it would serve as a temporary expedient until Allied military fortunes improved sufficiently to counter Swedish fears of Germany.[35]

It remains unclear whether Stockholm was prepared to honour Boheman's verbal assurances. Ore production declined between February and April 1940 once large numbers of miners had been called to military service.[36] However, it is possible that they were drafted to reinforce units along the Finnish border as part of the general mobiliza-

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[35]Munch-Petersen, op. cit., p. 52.

[36]Ibid., pp. 55-56.

tion during the Russo-Finnish conflict when the Swedish army reached its peak active strength in World War II.[37] The 'gentlemen's agreement' did not prevent the Swedes from succumbing to German demands in December 1939 for increased exports during 1940. The Swedes agreed to ship 10 million tons, after the German Navy violated Sweden's four mile territorial limit, in late November, by laying a minefield three miles from the Swedish coast in the only deep channel in the Sound.[38] Once the agreement had been concluded, Stockholm did not prevent the Germans from placing orders with mining companies totalling 11 million tons. Moreover, Stockholm did not want to offend Berlin through recalcitrance over iron ore once hostilities had broken out in Finland. Consequently, Sweden was faced with the dilemma of conflicting commitments to London and Berlin. The Swedes' dilemma was resolved in June 1940 when the Wehrmacht occupied Norway and overran Western Europe. Germany then held an even stronger grip over Sweden economically and psychologically, while British influence became minimal. Berlin placed additional orders for iron ore and other Swedish goods such as high-grade steels. Swedish miners were released from the army in the summer of 1940, and mining and transport facilities were

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[37]Börje Furtenbach, "Sweden during the Second World War: Armament and Preparedness," Revue Internationale d'Histoire Militaire, Vol. VII: 1, No. 26 (1967), p. 90.

[38]Berlin also offered supplies during the negotiations, notably sufficient coal and coke from Poland to satisfy all of Sweden's requirements. Fritz, op. cit., p. 111.

expanded. A record 1.1 million tons were shipped from Luleå in July 1940.[39]

The British expected Stockholm to abrogate the War Trade Agreement during the summer of 1940. However, the Swedes informed London that they intended to honour the spirit, if not necessarily the letter, of the Agreement in return for the institution of safe-conduct shipping between Sweden and the Americas. After some deliberation, the British accepted the sincerity of the Swedish argument and agreed to allow the 'Gothenberg traffic' to sail through the blockade. By early 1942, Hershell Johnson, U.S. minister to Sweden, reported, that the "British believe Sweden in general has loyally enforced restrictions on exports to Axis countries."[40] The British belief was fostered partly by the fact that Swedish shipments to Germany did not grow by the same proportions as they had during the first years of World War I. This limitation was due not so much to Swedish efforts to obstruct this trade as to fluctuating German consumption patterns, and by the fact that the Germans could draw from other sources in Europe. The British were not fully aware of the extent of Swedish-German trade until American pressure forced Stockholm to allow Allied experts access to trade statistics in early 1943. However by 1943, economic warfare no longer played a major role in British policy, and the

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[39]Fritz, op. cit., p. 117.

[40]F.R.U.S., 1942, Vol. III, op. cit., p. 333.

M.E.W. was primarily concerned with the collection of economic intelligence and with monitoring the remaining neutrals' adherence to contraband-control arrangements. The Ministry behaved more cautiously towards Sweden during the later stages of the war than it had during September and October 1939. It was cognisant of Swedish attitudes, and was easily swayed by Boheman's arguments. When negotiating, at American insistence, for greater Swedish collaboration with the Allies between 1943-45, the M.E.W. was reluctant to press Allied demands strongly out of fear that Stockholm might abrogate existing agreements. The Ministry was willing to accept partial concessions from the Swedes in the belief that these were the best possible bargain under the circumstances. The M.E.W. was confident that Allied air and naval attacks on German shipping, pre-emptive purchases of Swedish exports such as ball bearings, and Swedish 'administrative measures' would accomplish what the Americans desired, while sparing Sweden from possible German reprisals.

Throughout most of the war, British policy towards Swedish-German trade was formulated mainly around 'indirect' methods such as the War Trade Agreement. British desire for 'direct action' against this commerce, such as sabotage or military intervention, did not continue after the spring of 1940. Interest in actively curtailing or stopping Sweden's ore exports during the winter of 1939-40 stemmed from a variety of motives which were peculiar to the 'Phoney War' period. The War Cabinet, Chamberlain in

particular, continued to hope that Berlin would capitulate if the Allies struck "a real hard punch in the stomach" through economic rather than military means.[41] Swedish iron ore exports assumed a new significance to the War Cabinet after the outbreak of the Russo-Finnish 'Winter War' turned Scandinavia into a theatre of war. The Allies now had an opportunity to interfere directly with these exports on the pretexts of assisting Finnish resistance or defending Norway and Sweden from possible Soviet or German aggression.[42] However, no direct action against the ore trade was actually executed during the 'Winter War', apart from an abortive attempt to sabotage the harbour installations at Oxelösund, an iron ore port in central Sweden. Throughout late December, Churchill pressed for immediate naval intercession in Norwegian waters, through which the entire Narvik traffic travelled. However, he was overruled by the War Cabinet, who were reluctant to foster American ill feeling towards Britain by violating Norwegian neutrality. Instead, the War Cabinet, with French approval, decided to offer military assistance to Sweden and Norway. If Stockholm and Oslo accepted, Allied forces could enter Scandinavia legally, and would then be able to occupy the Lapland mines and railways.

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[41] Munch-Petersen, op. cit., p. 88. R.A.C. Parker, "Britain, France, and Scandinavia," History, Vol. 61, No. 203 (October 1976), pp. 370-1.

[42] David Dilks, "Great Britain and Scandinavia," The Scandinavian Journal of History, 2: 1977, p. 34.

In making Swedish and Norwegian collaboration a prerequisite for intervention, London's plan for 'direct action' failed to take account of Swedish and Norwegian anxiety to avoid political or military entanglements with the Great Powers. The Swedish Cabinet had forced Rickard Sandler to resign as Foreign Minister in December for pressing for more active Swedish assistance to Finalnd.[43] Stockholm and Oslo believed the presence of Allied troops would hasten rather than deter a German invasion. The Swedes did not want their country to become a 'battlefield',[44] and doubted the effectiveness of Britain's armed forces. Stockholm preferred to help resolve the 'Winter War' by offering good offices to expedite a Russo-Finnish peace. London abandoned its intervention plans when the 'Winter War' ended on 13 March. British officials recognized that they could not stop ore exports but merely impede them by disrupting shipping. As the opportunity for direct action passed, high level interest iron ore waned. When the War Cabinet decided to mine the Norwegian leads on 8 April, it did so more out of a desire to satisfy public demand for a more assertive policy and to stimulate popular support, in France, for Premier Paul Reynaud's government.[45]

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[43] Munch-Petersen, op. cit., pp. 59-61.
Erik Lönnroth, "Sweden's Ambiguous Neutrality," Scandinavian Journal of History, Vol. 2, 1977, pp. 98-99.

[44] Munch-Petersen, op. cit., pp. 114.

[45] Parker, op. cit., pp. 383-4.
François Bédarida, "France, Britain, and the Nordic Countries," Scandinavian Journal of History, 2: 1977, pp. 23-4.

British behaviour during the 'Winter War' had a profound and unexpected consequence. Hitler had not contemplated invading Norway until he became aware in mid-December that Britain was considering intervention.[46] He had believed that German intimidation of Oslo and Stockholm would ensure continued ore exports. Moreover, he considered an operation in the North an unnecessary and possibly dangerous diversion from the Western front buildup. Hitler ordered the Oberkommando der Wehrmacht staff to study the feasibility of occupying Norway in December, but did not order serious preparations for this action, operation Weserübung, to proceed until 19 February, the day after the Altmark incident. This violation of Norwegian neutrality, in Altenfjord, by H.M.S. Cossack to free 299 British seamen who were imprisoned aboard the Altmark, convinced Hitler that the British would exploit any pretext to gain a foothold in Norway. He and Grand Admiral Raeder feared that unless Germany pre-empted the British in the North, the Allies could disrupt, possibly stop, ore imports from Sweden, and secure bases in Norway which would enable them to outflank Germany. The secret preparations for Weserübung were not abandoned when the 'Winter War' ended. Hitler believed that London would find another excuse to intervene in the North and desired an operation which "would anticipate English action against Scandinavia and

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[46]Norman Rich, Hitler's War Aims (New York: W.W. Norton, 1973), p. 140.

the Baltic."[47]

On the morning of 9 April, the German Navy imposed a blockade on Sweden in the Skagerak as German troops landed in Denmark[48] and at Oslo and five other points along the Norwegian coast. Denmark capitulated without resistance, but the Norwegian government and King fled Oslo, which was occupied by noon, and Norwegian forces fought the invaders in central and northern Norway until June. London responded to a Norwegian appeal for assistance by landing troops in central Norway on 19 April, to liberate Trondheim and check advancing German reinforcements from the south, and by despatching another force to Narvik. The Cabinet began to consider withdrawing Allied units from central Norway on 23 April, as the assault on Trondheim was hampered by faulty logistics, poor liaison with local Norwegian units, and by superior German air and armour tactics. The prospects for success at Narvik were more promising since the 4000-man isolated German garrison could by supported only by air or through Sweden. The Royal Navy

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[47] H.R. Trevor-Roper (ed.), Hitler's War Directives 1939-1945 (London: Pan Books, 1964, 1966), p. 61.

[48] The OKW had concluded, after tentative staff studies during the preceding winter, that an invasion of Sweden would impede Weserübung, and decided that intimidation would be sufficient to 'preserve' Swedish neutrality. Carl-Axel Gemzell, "Tysk militär planlagging under det andra väldskriget: fall Sverige," Scandia Band 41, 1975, 2, pp. 212-215.

For more detailed studies of the Norwegian campaign, see Earl F. Ziemke, The German Northern Theatre of Operations 1940-1945, (Wash., D.C.: Dep't of the Army, 1959), Pamphlet No. 20-271; and T.K. Derry, The Campaign in Norway (London: H.M.S.O., 1952).

secured control of Narvik harbour after two spectacular naval battles on 10 and 13 April, but instead of taking advantage of this victory by landing immediately at Narvik, the British decided to advance overland on the town. Narvik was not captured by Allied troops until 28 May, the second day of the evacuation of the British Expeditionary Force from France. Churchill's concern over the defence of Britain overrode any interest in further action in Norway. The last troops were withdrawn on 8 June, and the German troops, who had retreated to the Swedish frontier, reoccupied Narvik for the duration of the war.

The Norwegian campaign revived briefly British interest in disrupting militarily Swedish ore exports. During mid-April, London hoped the successful outcome of the operation around Trondheim would induce the Swedes, who had refrained steadfastly from formal or unofficial intervention in Norway, to join the Allies.[49] Once Sweden had done so, or was attacked by the Germans, Allied troops could reinforce Swedish defences in central Sweden while another force from Narvik could occupy the ore fields. By May, Britain's remaining options for action against Swedish exports had been reduced to a quick raid from Narvik to

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[49]As the War Cabinet was considering the evacuation from central Norway, Cdr. Harry Sporborg, of the M.E.W., suggested to the Foreign Office that "It seems fairly clear that Sweden will not take initiative about entering the war unless forced to do so....It should be our object to provoke Germany into an attack on Sweden," and that operations around Trondheim should be conducted with "the most decisive energy so to be ready in time" to embroil Sweden in the war before Luleå became ice free. Sporborg, 23 April 1940 minute, FO 371/24858/N5518.

demolish the mines, with Swedish consent, or operation Paul, an air raid against shipping in Luleå harbour by carrier based aircraft. Neither scheme was executed because Britain's limited military and naval resources were required urgently elsewhere.

LEGACY OF WESERÜBUNG: ANGLO-SWEDISH RELATIONS 1940-42

During the period between the collapse of Norway and the United States' entry into the war, political rather than economic issues dominated Anglo-Swedish relations. The strategic value of Swedish iron ore exports became academic once Germany was able to exploit the iron mines of France and Luxembourg, and import ore from Spain and Spanish Morocco. Moreover, British officials had assumed, during the early spring of 1940, that it would be "only a matter of time" before Sweden increased exports to Germany in order to obtain essential imports, such as coal, which could no longer be obtained from the West.[50] In the months immediately following France's surrender, Stockholm appeared to many British officials to be unduly willing to accommodate German demands. During the summer of 1940, the Swedes did not make concessions or even symbolic gestures to Britain to offset their growing deference to Germany. British doubts about Sweden's resolve to remain neutral were exemplified by banker and M.E.W. official Sir Charles

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[50] H. Sporborg, 23 April 1940, FO 371/24858/N5518.

Hambro's exclamation: "The Swedes have sold their souls to the Germans."[51]

The Swedish government refused to accredit the Royal Norwegian government's chargé d'affaires in Stockholm as Norway's minister to Sweden.

In January 1940, the Swedes ordered aircraft and aero engines from the United States, but President Roosevelt impounded these machines before they could be delivered to prevent their possible capture by the Germans.[52] In July, Victor Mallet, the British minister, suggested that Stockholm relinquish these machines to Britain as a gesture of 'even handedness.' Stockholm rebuffed this suggestion. In August, the Berliner Zeitung published an article by Gunnar Hägglöf stating that Sweden welcomed the commercial opportunities which the industrialization of a "widened Lebensraum in eastern Europe would create.[53]

Sweden's most controversial concession of the war was the transit agreement of 8 July 1940, which enabled Germany to transport troops and materiel on Swedish railroads between Germany and Trondheim and Narvik. During April, Stockholm resisted German demands for transits to reinforce Narvik. However in June, the Swedish government,

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[51]Hägglöf, Samtida vittne, op. cit., p. 88.

[52]Ulf Olsson, The Creation of a Modern Arms Industry, 1939-1974 (Gothenburg: Institute of Economic History, Gothenburg University, 1977), p. 30.

[53]J. Micheson - M.E.W., 12 August 1940 memorandum E.W. (ES) No. 233, FO 371/24857/N6295.

whose representatives were subjected to intense pressure from Göring and Ribbentrop to allow such traffic, decided to negotiate with Berlin.[54] The Swedish attitude on the transit question stemmed from uncertainty over Britain's ability or resolve to continue the war, anxiety over Germany's intentions towards Sweden, and an awareness that Sweden's defences were no match for German air-supported assault tactics. On 14 May, Prime Minister Hansson wrote in his diary, "Rumour has it that today is fixed for the attack."[55] In early July, the British legation in Stockholm burned its files, and prepared to place British interests under the protection of the U.S. legation in the event of an invasion.[56] The Swedes attempted to minimize the military value of the traffic by stipulating in the transit agreement that the number of troops destined for Norway would have to be balanced by the number returning to Germany on leave, and that each ad hoc journey through Sweden would have to be approved by Stockholm. However, the Germans regularly pressed the Swedes to increase quotas, and

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[54]Munch-Petersen, op. cit., pp. 240-1, 243-4; Carlgren.

[55]Cecil Parrot, The Tightrope (London: Faber & Faber, 1975), p. 154.

[56]War History Report of the American Legation at Stockholm, p. 7, enclosed in Johnson - Stettinius, 20 February 1946, despatch 6694, (Washington, D.C.: National Archives Record Group 59, U.S. Department of State, decimal file 124.58612-2046.)

on occasion ignored the restrictions on the quantity and type of materiel in transit. Between July 1940 and October 1941, 670,000 soldiers had travelled between Norway and Germany via Sweden.[57] On 25-27 June 1941, an entire division destined for the assault on northern Russia were allowed to pass from Norway to Finland,[58] after an intense debate within the Swedish government which culminated in a threat by King Gustav V to abdicate if Germany's demand for this special transit was not accepted. Stockholm made other transit related concessions shortly after the beginning of Operation Barbarossa, such as including German troopships in Swedish coastal convoys, laying a minefield off Åland to hinder Soviet submarines, and allowing German courier aircraft to fly to Finland over Swedish territory.[59] In addition, German and Finnish military vehicles were repaired in Sweden by Swedish mechanics.[60] The transit arrangements continued until Allied pressure and adverse Swedish public opinion forced Stockholm to withdraw the most blatant vestiges of these concessions in 1943.[61] The

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[57]Carlgren, op. cit., p. 125.

[58]Boheman, op. cit., pp. 156-60.

[59]U.S. Department of State, Documents on German Foreign Policy, Series D, Vol. XII, 1941 (Washington: G.P.O., 1964), p. 118.

[60]Foreign Office, Memorandum of Grievances Against Swedish Breaches of Neutrality, undated, circa. 9 October 1942, PREM 3/417/1.

[61]Chapter Two.

remaining traffic, consisting of mail and non-military freight, was terminated in September 1944.[62]

Stockholm's willingness to facilitate convoys and Finnish transits was not motivated entirely by concern over German intentions. Russia had been Sweden's rival in the Baltic, and most Swedes feared the U.S.S.R. as much if not more than Germany. Swedish Foreign Minister, Christian Günther, laughingly remarked that "Some luck might come our way"[63] upon first learning of the preparations for Barbarossa in February 1941. Even Swedes who sympathized with Britain, such as Marcus Wallenberg, were strongly anti-Russian.[64] Moreover, there was widespread Swedish sympathy for Finland which was once part of the Swedish empire and had a large population of Swedish descent. Most Swedes hoped that the Wehrmacht and the Red Army would exhaust each other on the Eastern front. The Foreign Office believed that this attitude was a major impediment to British diplomacy since the Swedes would be reluctant to assist Russia's allies. The Swedes became less openly Russophobic in 1943 as a result of Russian victories and an intensive propaganda campaign conducted by the British legation on Russia's behalf. However, apprehension of Russia's long-term motives remained ingrained in the

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[62]Chapter Five.

[63]Cecil Parrott, op. cit., p. 177.

[64]Mallet - Sargent, 10 December 1941 letter, FO 371/29700/N7364.

Swedish outlook in 1944.[65]

The transit traffic would assume strategic significance to British officials in 1942, when Norwegian based U-boats and surface warships threatened the Arctic convoys to Russia.[66] During 1940 and 1941, London was concerned largely with the political implications of the traffic and other Swedish concessions. Stockholm had deferred to German pressure at Norway's expense, thereby allowing the Germans to consolidate control over Sweden's occupied neighbour and one of Britain's vanquished allies. While Sweden remained officially neutral, Swedish behaviour led many officials in London to conclude that Sweden was being incorporated rapidly into Germany's continental system. Although some concessions had been expected, the British hoped that Stockholm would make a more vigourous effort to resist German demands and made at least a pretence of remaining impartial. The British were also disturbed by indications that the Swedes had little confidence in the prospect of an ultimate Allied victory. Just after learning of Hägglöf's proposal for increased Swedish trade in August 1940, J.M. Addis of the Foreign Office's Northern Department minuted, "This is further evidence that the Swedish government have accepted German domination as

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[65]U.S. Department of State, Foreign Relations of the United States, diplomatic papers 1944, Volume IV (Washington: U.S. Government Printing Office, 1966), pp. 470-2.

[66]Chapter Two.

permanent. They will try to adapt their economy as quickly and thoroughly as possible to the new conditions. In this connexion it is impossible to describe Sweden as resisting German pressure step by step."[67]

London reacted to Stockholm's behaviour during the summer of 1940 by extending the blockade of German occupied Europe to include Sweden. Sweden's trade with the United States and Latin America effectively came to a halt, apart from some limited and circuitous shipments via Petsamo on Finland's Arctic coast and Vladivostok, the Pacific terminus of the trans-Siberian railway.[68] The Swedes were anxious to resume direct transatlantic communications in order to procure imports, such as oil and rubber, which were scarce in Europe and could not be obtained in sufficient quantity from the Germans. The Swedes attempted unsuccessfully to persuade London to permit a safe conduct traffic through the blockade during the autumn of 1940. British officials were unwilling to consider the Swedish approaches while the Swedes appeared to be continuing what Lord Halifax described as their "downward career towards complete subservience to Germany."[69]

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[67]J.M. Addis, 22 August 1940 minute, FO 371/24857/N6295.

[68]Hägglöf, op. cit., pp. 89-90.

[69]Parrott, op. cit., p. 159.

However, Anglo-Swedish relations improved slightly after Stockholm chartered to the Ministry of War Transport 600,000 tons of shipping - virtually all of the Swedish vessels which had been outside of the Baltic when the Germans blockaded the Skagerak in April.[70] London agreed, in December, to institute the 'Gothenburg traffic', after the Swedes had agreed to observe the British contraband regulations and had implied, vaguely, that they would continue to observe the War Trade Agreement. By mid-1941, the principles which would govern British policy towards Sweden throughout the rest of the war had been established. A meeting of interested government departments which was held at the Foreign Office on 21 August 1941 concluded that: "...as our interests demanded that we should maintain friendly relations with Sweden,...it was not advisable for us to threaten retaliation in any form."[71]

The volume of goods shipped via the Gothenburg traffic was small in comparison with the level of Swedish-German trade, but it gave Sweden a commercial outlet outside of Europe.[72] By mid-1941, the M.E.W. concluded

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[70] W.N. Medlicott, The Economic Blockade, Vol. I (London: H.M.S.O. & Longmans, 1952) pp. 618-620, 627-31.

[71] Medlicott, Vol. II, op. cit., p. 175.

[72] 12% of Swedish exports were shipped outside of German occupied Europe, Medlicott, Vol. II, op. cit. Overseas exports in 1941 amounted to 120,000 tons, valued at 115,000,000 kroner ($27,400,000), while 206,367 tons (190,000,000 roner - $45,200,000) were imported. D.J. Payton-Smith, Oil: A Study of Wartime Policy and Administration (London: H.M.S.O., 1971), p. 154.

that the traffic served Britain's interests as well as Sweden's since it curbed Swedish dependence on Germany. It enabled the Swedes to import from Latin America and the United States limited quantities of foodstuffs, textiles, rubber, and oil to augment Sweden's rationing and import-substitution programmes. Furthermore, both the Foreign Office and Mallet believed that Britian could hasten a gradual stiffening in Stockholm's attitude towards Germany if London accommodated some of the Swedish requests for supplies. The Gothenburg traffic would induce pro-British Swedes, such as Boheman and Hägglöf to show less deference to German pressure. Moreover, supplies afforded the British a means of demonstrating gratitude or approval for any sympathetic action on Sweden's part. For example, the M.E.W. decided, in February 1941, to let the Swedish Navy receive 10,000 tons of oil after five blockade runners sailed from Gothenburg to England with a cargo of ball bearings and ball bearing machinery to bolster Britain's limited bearing production for aircraft. "The importance of Swedish cooperation in the safe arrival of the five ships containing ball bearings seems to deserve some reward..."[73] Fuel and lubricating oil for the Swedish Navy and Air Force were virtually unobtainable from Germany, and could not be synthesized. The Swedes intended to reserve sufficient fuel to sustain military operations for at least

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[73]J.E. Coulson, M.E.W. - E.O. Coote, F.O., 15 February 1941, FO 371/29657/N620.

two months.[74] Although the British Chiefs of Staff doubted the effectiveness of Sweden's defences, London sought to reinforce Swedish confidence so that Stockholm would be less susceptible to German pressure. As Britain could not support Sweden militarily, London could only furnish supplies, encourage the Swedes to strengthen defences, and persuade them that they had sufficient force to deter a German invasion.[75] Further, B.O.A.C. and the Swedish airlines, A.B.A., which were fueled by the Swedish Air Force, were the only means of transport between Sweden and Britain.

The Gothenburg traffic constituted a link between Sweden and the West but provided London with little leverage over Swedish policy. In many respects, the Gothenburg traffic hampered British diplomacy with Sweden. London exercised control over what Sweden could import from overseas and, in December 1941, was able to obtain a Swedish agreement not to re-export Western goods to Finland in return for increased import quotas.[76] However, this power was undermined by Germany's power to close the

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[74]Mallet - Halifax, 23 December 1940, Despatch 460, FO 371/28657/N93.

[75]Chapter Three.

[76]Hägglöf, op. cit., p. 119.

Gothenburg traffic at will.[77] London could not ask Stockholm to withdraw earlier concessions to Germany since the Swedes would only respond that such action would provoke the Germans to blockade Gothenburg. The British believed that threats to disrupt the traffic or withhold Swedish imports would "hurt our interests, possibly as much as those of Sweden..."[78] For the duration of the war, the British government, particularly the M.E.W., was reluctant to invoke such sanctions against Sweden out of concern that the Swedes would become recalcitrant towards Allied proposals. Even in mid-1944, Dingle Foot, the Parliamentary Secretary of the M.E.W., feared that Allied interference with the Gothenburg traffic might drive the Swedes into closer collaboration with Germany. The British preferred to rely upon diplomacy. In August 1941, the Foreign Office and other interested departments of the British government concluded that "our object should be to seek equal treatment with Germany in so far as possible and at the same time by friendly representations to stiffen Swedish resistance to German demands."[80]

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[77]Berlin did agree to allow the traffic in February 1941, and closed it on three occasions: April to July 1941, January to May 1943, October 1943 to January 1944. These closures were imposed when the Germans sought increased concessions from Stockholm, and were also intended to deter British blockade-running from Gothenburg.

[78]Medlicott, Vol. II, op. cit., p. 176.

[79]Chapters Two, Four and Five.

[80]Medlicott, Vol. II, op. cit., p. 176.

What interests did Britian have in Sweden after the fall of Norway? How could the Swedes be expected to treat London and Berlin equally when they were isolated from the West, economically dependent upon Germany, and apprehensive of German intentions? What concessions to Britain could offset the thousands of German troops and materiel which crossed Sweden each month and the shipments to Germany which, in 1941, accounted for 88% of Sweden's exports?[81] Did British 'friendly representations' and a more 'understanding' style of diplomacy strengthen London's influence in Stockholm?

Sweden was an important base for resistance, propaganda, and espionage operations in Northern Europe. Resistance leaders and distinguished defectors from occupied nations, such as Niels Bohr, the Danish nuclear physicist, were flown to Britain after escaping to Sweden. Extensive Swedish-based resistance activities were not conducted until 1943, when Stockholm adopted a more accommodating attitude towards refugees, gun-running, and the formation of Norwegian and Danish paramilitary units in Sweden.[82] The British valued Sweden as a source of intelligence about Germany, northern Europe, and prior to Barbarossa, the U.S.S.R.[83] Mallet, Colonel Sutton-Pratt,

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[81]Ibid., p. 454.

[82]Richard Petrow, The Bitter Years (New York: William Morrow & Co., Inc., 1974), pp. 225-6.

[83]Mallet - Collier, 18 March 1941 Despatch 112/3/41, FO 371/29684/N1106.

and Captain Denham, the military and naval attachés, and Special Operations Executive officers collected most of their information from refugees, S.O.E. operatives in occupied territory, and sympathetic Swedes. As the German occupation authorities in Denmark neglected to monitor or cut communications links with Sweden, a group of Danish staff officers occasionally conversed with the British legation in Stockholm directly by telephone.[84] The Legation's Press Reading Room employed emigrés to glean useful information from European newspapers.[85] The British also relied heavily on contacts with Swedes for the bulk of their intelligence about Germany.

Sweden's agile diplomacy and military deployment required foreknowledge of the belligerents' intentions. By virtue of Sweden's neutrality and extensive commercial connexions in Europe, some Swedes, such as banker and trade delegate Jacob Wallenburg and King Gustav's nephew, Count Bernadotte, of the Swedish Red Cross, had access to the senior levels of the German government, business and party hierarchy.[86] In some instances, German generals and diplomats freely imparted confidential details, such as

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[84] M.R.D. Foot, Resistance (London: Paladin E.O., 1978), p. 274.

[85] Parrot, op. cit., p. 150-70 passim.

[86] Bernadotte - Johnson, 13 May 1943 letter, Hershell V. Johnson Papers 1943-45, Harry S. Truman Library, Independence, Mo.; Charles Witing, The Spymasters: The Story of Anglo-American Intelligence Operations within Nazi Germany 1934-1945 (New York: Saturday Review Press/ E.P. Dutton & Co., Inc., 1976), pp. 59-60, 172-8.

plans for Barbarossa, to their Swedish counterparts. Bernadotte enjoyed considerable respect from the Nazi hierarchy, notably Heinrich Himmler, who attempted to negotiate a separate peace with the Western Allies through Bernadotte in 1945. Through these connexions, Stockholm gained insight, which was denied to the Allies, into the German idiosyncracies and strategic outlook. Moreover, Sweden's intelligence and police agencies accumulated concrete data through sophisticated wire-tapping, wireless interception, and decyphering techniques. The mail and telecommunications of virtually all foreign missions and legations in Sweden were monitored closely.[87] The German army used the Swedish telegraph system to communicate with its units in Norway and Finland. Swedish cryptologists broke several German military codes, enabling Swedish military intelligence to exploit this cable traffic extensively.

British access to Swedish intelligence depended largely upon the outlook of individual Swedes. Some senior Swedish authorities, such as General Thörnell, the Commander in Chief of the Armed Forces, and General Adlerkruz, Chief of the General Staff's intelligence service, were friendly with Lieutenant-General von Uthmann, the German military

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[87]Sweden's cryptologic bureau employed 500 cryptanalysts in 1941, and 1000 by 1945. On one occasion, Günther took a week-end hunting trip to give the Foreign Ministry time to prepare a response to a note which it knew the German minister was about to deliver, David Kahn, The Codebreakers (London: Sphere books ed., 1977), pp. 262-3; Boheman, op. cit., pp. 152-3.

attaché, but cool towards Col. Sutton-Pratt,[88] his British counterpart. Admiral Tamm, the Commander in Chief of the navy was convinced Germany would win the war, and much of the Swedish naval staff was pro-German.[89] Most Swedish officers and civil servants did not sympathize, openly, with Germany but, as in the case of Foreign Minister Günther, feared that they would offend the Germans if they deviated from a 'correct' attitude towards the British. But some Swedes were prepared to cooperate with the British unofficially. Major Törnberg, Chief of Staff to the Head of the Swedish Secret Service, informed Denham, through the Norwegian military attaché, that the Bismarck had been sighted in the Kattegat by the Swedish cruiser Gotland on 20 May 1941. Törnberg and other Swedish officers also surreptitiously conveyed decyphered messages to Denham.[90] Mallet reported that Boheman and Marcus Wallenburg were "so often astonishingly open with me in discussing subjects which would be 'dynamite' if the Germans got to know of it."[91] In June 1941, Boheman informed Sir Stafford Cripps, the British Ambassador to the U.S.S.R., that Russia would be invaded in a couple of

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[88]Sutton-Pratt - Mallet, enclosed in Mallet - Eden, 13 October 1943 despatch S22(218/6/43), FO 371/37072/N6120.

[89]Denham - O.N.I., enclosed in Mallet - Eden, 19 October 1943 despatch S22, FO 371/37072/N6120.

[90]Patrick Beesley, Very Special Intelligence (London: Sphere Books ed., 1978), pp. 111-12, 175-6.

[91]Mallet - Sargent, 10 December 1941 letter, FO 371/29700/N6672.

weeks.[92] Boheman's and Wall[er]burg's helpfulness was sincere, but undoubtedly their disclosures were calculated also to cultivate British goodwill. Their attitudes in unofficial conversations led Mallet to believe that British influence in Sweden was stronger than it really was: "I know both men extremely well...they are the real formulators of policy in all matters concerning England and have...increasing influence over Günther."[93] Intelligence from Sweden was often too general to have much operational value and often served merely to substantiate what London had learned from other sources.[94] However, the fact that some influential Swedes were willing to convey this information impressed Mallet, the strongest advocate for 'understanding' towards Sweden.

In addition to its value as a 'listening post' in Europe, Sweden was also a minor source of materiel for British aircraft, tank, and ammunition production. Large orders for steel, ball bearings, precision tools, and 600,000 tons of a special grade of iron ore used in producing aircraft metals were made with Swedish firms in the winter of 1939-40 to augment Britain's limited manufacturing

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[92]The Swedish Cabinet also informed the U.S. Embassy in Moscow about Barbarossa on 24 March, and warned London on 7 June that the invasion would begin on 15 June 1941. Hinsley, op. cit., pp. 478,480.

[93]Mallet - Sargent, op. cit., 10 December 1941 letter.

[94]Hinsley, op. cit., p. 333.

capacity for these products.[95] Most of these orders had not been filled when Germany occupied Norway. While it was virtually impossible to ship bulk cargoes, such as ore to Britain, circuitously, some consignments of ball bearings were shipped through agents in Montevideo. A few shipments were made via the Persian Gulf until Barbarossa severed Swedish trade with Russia.[96] To expedite delivery of the remaining stocks in Sweden, London accepted a proposal advanced by George Binney, a Ministry of Supply official in Stockholm, to employ Norwegian ships which had been laid up in Swedish ports since April 1940 as blockade runners. On 23 January 1941, six Norwegian freighters, which the Royal Norwegian government transferred to Britain, departed Gothenburg with 25,000 tons of cargo, valued at £1,000,000.[97] Their safe arrival in Britain was due to secret preparation, with the connivance of a few Swedish officials, favourable weather, and poor German intelligence. The cargoes included ball bearing machinery and steel which enabled the British to establish a new bearing factory in England.

The success of this exploit, Operation Rubble, spurred the Ministry of Supply to place further orders with

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[95]Herbert Morrison - Churchill, 31 May 1940, POWE 5/63; W. Hornby, Factories and Plant (London: H.M.S.O., 1958), p. 375.

[96]Addis, 20 February 1941 minute, FO 371/29657/ N465.

[97]George Binney, 22 June 1942, Most Secret Report on Operation Performance, MO51534, ADM 199/592.

SKF, the Swedish ball bearing monopoly, in April 1941. Ten additional ships were transferred from the Norwegians in September in preparation for Operation Performance during the following winter. However, Berlin exerted considerable pressure on Stockholm to prevent a repetition of Rubble. Ribbentrop warned Arvid Richert, the Swedish minister to Germany, that the Germans would regard further British sailings from Gothenburg as "an expression of a completely hostile attitude on the part of Sweden."[98] The British responded by admonishing Stockholm to allow the vessels to sail as a demonstration of Sweden's independence, its adherence to international law, and as a gesture of even-handedness towards Britain. In October, the Germans initiated litigation in the Swedish courts to prevent the ships' departure. The ships' owners, who remained in Norway, asked the authorities in Gothenburg to arrest the blockade runners on the grounds that the government-in-exile could not lawfully transfer the vessels to Britain. Berlin attempted to influence the outcome of the case by issuing threats. London responded by offering the Swedes an additional 4,500 tons of aviation fuel as a quid pro quo for the ships' freedom.[99] In November, the Swedish government introduced in the Riksdag a proposal to amend the neutrality laws which would expand Stockholm's power

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[98]Carlgren, op. cit., p. 122.

[99]Col. Hollis, Secretary, Chiefs of Staff Committee - Churchill, 16 November 1941 minute 133, CAB 120/694.

to intern belligerent vessels,[100] although a court in Gothenburg had ruled in favour of the Allies. The arrest of the blockade runners was finally lifted when the Swedish Supreme Court overturned the Government's action, and decided, in March 1942, that the government-in-exile had the right under Norwegian law to requisition and dispose of the ships.[101]

The ships departed Gothenburg on 1 April 1942 without the element of surprise that the Rubble vessels had enjoyed. On 30 March, Churchill had asked the Chiefs of Staff if it was "worth while" proceeding with Performance after the project had attracted considerable publicity in Sweden and Germany.[102] The Chiefs insisted that the cargoes were vital to Britain's war effort. Moreover, they believed that it was possible for the vessels, which had been surreptitiously armed with light anti-aircraft weapons, to elude German naval patrols at night, and rendezvous with British warships before the Luftwaffe

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[100]Ralph Barker, The Blockade Busters (New York: W.W. Norton & Co., 1977), p. 95; Sir O. Sargent, 6 November 1941 minute of conversation with Wallenburg, FO 371/29676/N6475.

[101]Stig Jägerskiöld, "The Immunity of State-owned Vessels in Swedish Judicial Practise during World War II," American Journal of International Law, No. 42 (1948), p. 604.

[102]Churchill - Admiral, Sir Dudley Pound, 30 March 1942 personal minute M-112/2, CAB 120/694.

could intercept them the following day.[103] However, German warships were waiting outside of Sweden's territorial waters, and six blockade runners were captured or scuttled. Two ships reached England with 20.5% of the total cargo, while the two largest ships, the Dicto and Lionel, returned to Gothenburg with 45% of the total cargo.[104] The Swedes arrested these two vessels after learning that they had been armed prior to their departure, and expelled two members of the British legation who had smuggled the weapons on board the blockade runners.

Sweden's behaviour towards the Norwegian ships was the most contentious issue in Anglo-Swedish relations in 1941-2. Whereas London accepted Sweden's commercial and transit concessions to Berlin, the British believed that the Swedes were obliged to permit blockade running to offset their extensive trade with Germany. Unhindered commerce between Gothenburg and Britain demonstrated Sweden's

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[103]Hollis - Churchill, 31 March 1942 minute, CAB 120/694. In a meeting at the Foreign Office during January, Hambro asserted that British aircraft production would be "delayed several months" if the cargoes did not arrive, and that they would be "infinitely more important to H.M.G. than increased Swedish exports to Germany would be to the latter country." Hambro, 12 January 1942 memorandum, ADM 199/952.
65% - 98% of the bearings required for aircraft production were obtained from Sweden; 100 tons of bearings could cover 75% of the airframe work for 1200 Lancaster bombers. Production for the navy's new torpedo bomber, the Barracuda, and engines for Mosquitos being built in Canada would be delayed as much as 12 months if roller bearings did not arrive from Sweden. A Cecil Hampshire, On Hazardous Service (London: William Kimber, 1974), p. 161.

[104]Binney, op. cit.

even-handedness and adherence to international law. Concerted Allied pressure to secure the departure of the Dicto and Lionel in the winter of 1942-43 would be the first initiative of the Anglo-U.S. 'common front' towards Sweden. It would also be the last major Allied diplomatic action to be purely British inspired.[105]

Stockholm's behaviour over the Norwegian ships in late 1941 underlined the weakness of British influence in Sweden. In spite of their previous concessions to Berlin, the Swedes had grown more apprehensive of Germany as a consequence of a 'war of nerves' which the Germans waged against Swedish morale between October 1941 and March 1942.[106] In the first months of the war, Hitler, Rosenberg and other leading Nazis assumed that the Swedes would identify with German efforts to establish Nordic domination of Europe and eventually join the new order. However, the Swedes refused to become associated politically with Germany, and refused German offers to sign the Anti-Commintern Pact in the spring and summer of 1941. Stockholm refused transits for additional divisions, and also rejected a German proposal that Swedish 'volunteers', along the lines of Spain's Blue Division, should serve on the Eastern front. Berlin was incensed also by Swedish press criticism of German policy and by favourable coverage of Allied military exploits in liberal newspapers, such as

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[105] Chapter Two.

[106] Hägglöf, op. cit., p. 103.

the Göteborgs Handelstidning. Günther had persuaded the government to adopt measures to prevent outspoken newspapers from offending the Germans in 1940.[107] In some instances, the Government confiscated controversial issues, but mainly admonished the press to avoid the appearance of an Allied bias by not publishing "derogatory statements which cast a slur on the actions of foreign armed forces, unless fully confirmed..."[108] However, many liberal and socialist papers began to condemn both German occupation policy and Stockholm's transit concessions in mid 1941, after a number of Norwegian trade unionists were incarcerated or executed. Hitler, Ribbentrop, and Goebbels were dismayed that Stockholm did not suppress the press' "unneutral behaviour,"[109] with sufficient thoroughness and vigour. Berlin began to suspect that Swedish newspaper editorials reflected government opinion. Goebbels wrote in his diary that Sweden was a "Germanic renegade...a state which has no right to existence anyway."[110] Furthermore, these doubts about Swedish sympathies gave Hitler anxieties

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[107] Carlgren, op. cit., p. 85.

[108] Sten Dehlgren, "The Press," in Sweden, Wartime Survey, 'ed. and published in Sweden with the Assistance of Public Authorities," (New York: The American-Swedish News Exchange, Inc., 1943), p. 194.

[109] Mallet - F.O., 13 January 1942 despatch 21, FO 371/33067/N368.

[110] Louis P. Lochner (ed.), The Goebbels Diaries (New York: Doubleday, Garden City, 1948; Award Books, 1971), p. 65.

about Stockholm's possible behaviour if hostilities were resumed in Scandinavia. Throughout most of the war, Hitler was convinced that the British would launch a second front or a major diversion in Norway. In late 1942, he told Admiral Raeder that Norway "is the zone of destiny."[111] Hitler's attitude was reinforced by British commando raids along the coast of Norway and in the Lofoten Islands in 1941. Whereas London encouraged the Swedes to rearm to strengthen Swedish resistance to German pressure, Berlin sought assurance that Sweden would repel militarily a British incursion in Scandinavia.

The 'war of nerves' was waged against Sweden to ensure that Stockholm conformed with Berlin's wishes in a number of areas: the Norwegian ships, German demands for large quantities of winter clothing,[112] and for additional Swedish credits to Germany during trade negotiations in late 1941, as well as increased Swedish military preparedness along the Norwegian frontier. Germany concentrated an intense propaganda campaign against Sweden in the form of invasion rumours. German agents spread lurid gossip in Switzerland and Spain which was reported and exaggerated by American newspapers and news agencies and subsequently

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[111] William L. Shirer, The Rise and Fall of the Third Reich (Greenwich, Conn.: Fawcett Publications, Crest edition, 1962), p. 1194.

[112] Mallet - F.O., 11 November 1941 telegram 674, FO 371/29676/N6543.

republished in the Swedish press.[113] Throughout January and February 1942, the Swedish government received a large number of confidential warnings of an impending German invasion from "friends of Sweden in Germany" in "which certain influential Germans close to Hitler were pressing for an early invasion of Sweden."[114] The Swiss military attaché informed the Swedes that Swiss intelligence had learned that Britain was attempting to provoke a German invasion of Sweden to upset Germany's spring offensive against Russia.[115]

There was little foundation to these rumours. The Germans, who were coping with unanticipated setbacks on the Eastern front, such as severe weather and the Soviet counter-attack, did not plan to attack Sweden during the winter of 1941-42. However, Swedish anxieties over Berlin's intentions grew during the first months of 1942. German psychological pressure on Sweden intensified in January. The Swedish legation in Berlin informed Stockholm about Hitler's belief that the British would land in Norway and that "certain influential Germans close to Hitler"[116] were

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[113] H. Howard, British Press Reading Bureau, Stockholm, memorandum enclosed in Mallet - F.O., 18 March 1942 telegram 166 Empax, FO 371/33067/N1462.

[114] Mallet - F.O., 5 March 1942 telegram 163, FO 371/33067/N1250 F.R.U.S., 1942, op. cit., pp. 329-330.

[115] C.F.A. Warner - C.P. Reusch (Norwegian Ministry of Foreign Affairs), 7 March 1942 letter, FO 371/33067/N706.

[116] Ibid.

pressing for an early invasion of Sweden. The Swedes feared that divisions which were concentrated in German and Polish ports for the spring offensive against Leningrad were also being positioned for an assault against Sweden.

The 'war of nerves', especially in its early stages in the autumn of 1941, accentuated Swedish fears, which did not diminish entirely until after the Allied invasion of Normandy in June 1944. Hershell Johnson observed, when presenting his credentials as the new U.S. minister on 12 December 1941, that King Gustav was in an "utterly defeatist state of mind."[117] On 28 October, Mallet reported that

> recent German successes in Russia have created a feeling of pessimism...not so much that Great Britain can ever be defeated, but rather than the war is likely to become a stalemate...from the Swedish point of view this prospect of indefinite hostilities portends that German pressure [on Sweden] will get worse.[118]

In September, Boheman unofficially approached Mallet to ask London if it was prepared to assist Sweden in the event of a German invasion.[119] The British Chiefs of Staff were aware that the Swedes had prepared plans for the occupation of Trondheim to establish a route to Sweden for Allied supplies and reinforcements. However, the

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[117] War History Report, op. cit., p. 9.

[118] Mallet - Eden, 28 October 1941 despatch 453, FO 371/29700/N62786.

[119] J.M.A. Gwyer, Grand Strategy, Vol. III (part I), London: H.M.S.O., 1964), p. 205.

British lacked adequate forces and material to launch another assault against Trondheim, let alone assist Sweden.[120] Moreover, both the Chiefs of Staff and the Foreign Office believed that the Swedish government would never agree discussions between the British and Swedish staffs for fear that such a liaison would provoke a German invasion.[121] Boheman's remarks were vague, and were made without the approval of his government. Mallet was instructed to press him for details about Sweden's defence plans and for a commitment to hold staff talks. Further discussions about British aid lapsed by mid-October. London's reaction to Boheman's enquiry probably influenced Stockholm's behaviour during the winter of 1941-42. After a meeting with Mallet in mid-October, Boheman concluded that,

> The only advantage, in purely material terms, we had gained from our good relations with the Western Powers was the Gotenburg traffic...we could also be pretty sure that if, because of the Norwegian ships or for other reasons, we came into conflict with Germany, we might certainly count on British and American sympathy. But apart from such sympathy, support would most likely consist of friendly advice to blow up our mines in the North.[122]

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[120] Ibid., p. 206; see also Chapter Three.

[121] Warner, 10 November 1941 minute, FO 371/29700/N6286.

[122] Carlgren, op. cit., p. 124.

Swedes remained cautious towards Germany throughout late 1941 and January 1942. The Swedish government was reluctant to bolster Sweden's 150,000 man army for fear that the Germans would see this as a 'provocative' gesture. Stockholm eventually reacted when Germany intensified the 'war of nerves' in early 1942. In mid-February, King Gustav sent Hitler a personal message asserting that Sweden intended to remain neutral and would resist an invasion. Swedish diplomats candidly reassured German officials that Sweden would fight any Allied force which infringed upon Swedish territory.[123] Stockholm called up 100,000 reservists in late February to lend creditability to its reassurances. The government officially presented this partial mobilization as a routine exercise. However, sizeable formations were deployed along the Norwegian frontier, the Narvik-Luleå railway, and at the fortress at Boden, near the northern ore fields to suggest that Swedes were on the alert against a possible advance from Trondheim or Narvik.[124] The Swedes also informed the Germans that their contacts in the Norwegian government in London did not believe the British were planning to invade Norway during 1942.

Relations between Berlin and Stockholm improved markedly in the weeks following the Swedish mobilization. By early March, Swedes spoke of the 'war of nerves' in the

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[123] Ibid., p. 128., F.R.U.S., op. cit., p. 334.

[124] Warner - Reusch, op. cit.

past tense during conversations with Mallet. On 14 March, Stockholm received a message from Hitler thanking King Gustav for his reassurances and promising to respect Sweden's neutrality. The Germans did not protest the Swedish Supreme Court's ruling on the Norwegian ships. Invasion rumours became less plausible to the Swedes once it became apparent that most German military formations were being assembled for deployment in Russia. Field Marshal List stopped in Stockholm on 18 March 1942, while en route to Norway, and congratulated General Thörnell on Sweden's defence preparations.[125] List also assured the Swede that Germany did not intend to invade Sweden, and that future German transits through Sweden would remain within the limits established by Stockholm.

SUMMARY

Britain exercised minimal influence over Sweden's foreign policy during the first years of World War II. The Swedes were motivated primarily by fear of Germany, which was an immediate and menacing neighbour even before the Wehrmacht occupied Norway and Denmark. As British naval and military power did not extend to the Baltic, London lacked Berlin's ability to intimidate the Swedes and could not effectively reassure the Swedes when they were subjected to German pressure. Britain was physically remote from Sweden, and the Swedes doubted that the British

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[125]Mallet - F.O., 18 March 1942, Telegram 202, FO371/33067/N1464.

would be capable or inclined to help repel a German invasion of Sweden. Sweden's security and economic interests necessitated compliance with the most insistent German demands. Accommodation with London was necessary to ensure Swedish access to transatlantic commodity sources. However, the Swedes could make do without most imports from the West for prolonged periods, whereas they could not sustain their economy without German coal, and could not afford to offend Germany. Consequently, British control over Swedish overseas trade was a weak bargaining counter during the war trade negotiations in 1939, and afforded even less influence over Swedish policy by early 1941, when the Gothenburg traffic was instituted. The War Trade Agreement was the only major accomplishment of British policy during the early war years, but it did not commit Sweden to reduce drastically ore exports as the M.E.W. had intended.

During the Phoney War and the Norwegian campaign, British policy towards Sweden was active. London attempted to disrupt or terminate Swedish iron ore exports to Germany through war trade negotiations, plans to sabotage, occupy, or bombard the ore fields and port facilities, entreaties to Sweden for Allied-Swedish military collaboration, and mining Norwegian waters. By June 1940, the iron ore trade ceased to be the principal issue in Anglo-Swedish relations because Britain was unable to interfere with it. Moreover, economic warfare had lost much of its attraction once British officials were confronted with the task of prosecuting the war and of ensuring Britain's security without a

continental ally. British interest in Sweden gravitated towards Stockholm's political behaviour. London could no longer expect Sweden to placate Britain at Germany's expense, once Britain had become incapable of preventing Stockholm from granting generous concessions to Germany. By instituting the Gothenburg traffic, London tacitly acquiesced to increased Swedish-German trade and German military transits across Swedish territory. The British could hope only to discourage Stockholm from becoming a German satellite by demonstrating their 'understanding' of Sweden's precarious relationship with Germany, and their 'appreciation' of friendly gestures such as the charter of Swedish shipping. London was prepared to countenance a degree of Swedish-German collaboration providing the Swedes gave the British 'equal treatment,' which meant essentially non-interference with blockade running and espionage operations. This 'understanding' attitude was motivated partly by Britain's requirements for ball bearings and intelligence, and by the belief, fostered by Mallet's conversations with Boheman and Wallenburg, that a strongly Anglophil lobby in the Swedish government would dissuade their more intimidated colleagues from complete subserviance to Berlin.

British attitudes and methods of dealing with Sweden in 1941 would remain largely unchanged for the duration of the war. Three years of negotiating with the Swedes led British officials to conclude that the Swedes were reluctant to act boldly towards Germany, and London

continued to believe this until after the Allies had landed in France in 1944. The British believed that threats were an ineffective way to enforce demands and that the Allies could expect only limited and piecemeal concessions from Stockholm. By 1942, these British assumptions would be challenged by the Americans, whose collaboration with London would change the direction and intensity of Allied-Swedish relations. Until the end of 1944, many officials of the Foreign Office and M.E.W. would question the necessity and wisdom of this alteration.

CHAPTER TWO

THE ASCENDANCE OF WASHINGTON AND ECONOMIC WARFARE IN ALLIED POLICY, 1942-44

Nineteen Forty-two was a watershed year in Anglo-Swedish relations. The United States' entry into the war resulted in a more assertive Allied policy towards Sweden than what Britain had conducted after the fall of Norway. The Anglo-American alliance strengthened Britain's bargaining position. American belligerence did not undermine Germany's domination of Europe immediately, but the addition of the United States' military and economic power to the Allied war effort gave credibility to London's contention that this domination was temporary. Although the Allies had suffered severe losses in Asia and at sea, they had also won several decisive battles which had arrested and reversed Axis expansion in North Africa, Russia, and the Pacific by the end of the year. These victories demonstrated to the neutrals that the Axis powers were not omnipotent.

The American entry into the war also complicated Britain's relations with Stockholm and curtailed London's freedom to conduct diplomacy with the Swedes. The supplies which Sweden was allowed to import from the Western Hemisphere in return for adherence to the War Trade Agreement and subsequent arrangements with London were now subject to U.S. wartime controls. The Swedes had to seek

American approval to obtain these imports. The United States was not a party to existing Anglo-Swedish arrangements and therefore was not obliged to furnish these supplies, most of which were required for the United States' expanded war effort. Many officials in the U.S. State, War, and Navy Departments believed that economic warfare could help to shorten the war in Europe. They reasoned that the neutrals should receive supplies from the United States and Latin American only in return for a substantial concession to the Allies such as suspending trade with Germany. By virtue of the United States' political and economic influence in Latin America, American commodity controls applied to all of Sweden's principal sources of imports such as rubber and oil. Sweden's transatlantic commerce virtually came to a halt while American officials formulated an economic warfare policy during 1942.

In the autumn of 1942, Britain was compelled to accommodate Washington's views about Swedish-German trade in order to induce U.S. officials to allow the Swedes limited access to American supplies. This concession committed the British to support U.S. proposals which they privately questioned in order to maintain an Anglo-American 'common front' towards Sweden. Washington desired prompt Swedish economic sanctions against Germany and believed that the Allies should impose an embargo on Sweden if these were not forthcoming. London felt that Allied demands should be limited to those which the Swedes were likely to concede without fear of German retaliation.

The British understood that Sweden's economy depended heavily upon trade with Germany and that the Swedish Government was nervous of German economic and military reprisals. Moreover, British officials did not share their American counterparts' concern over Swedish exports to Germany. London was prepared to allow Swedish-German trade to continue roughly within the terms established under the War Trade Agreement.

London sought to exploit the Allies' combined bargaining power to redress what the British perceived as a pro-German bias in Swedish foreign policy. Two memoranda[1] from Foreign Secretary Anthony Eden and Lord Selborne, the Minister of Economic Warfare, which were prepared to brief Churchill in October 1942, reflect their departments' concern with Sweden's military and political rather than economic utility to Germany. Eden's note stressed the Foreign Office's desire to force Sweden to withdraw its transit concessions and stop German freighters from joining Swedish coastal convoys. Selborne emphasized the M.E.W.'s displeasure with Sweden's "unneutral" attitude towards blockade running and the internment of the Dicto and Lionel after operation Performance.[2] Neither brief indicates a desire to curtail Swedish exports to Germany, nor do the Foreign Office and M.E.W. files for 1942 reveal any deep concern with the value of this trade.

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[1]Foreign Office brief for Prime Minister, 14 October 1942, PREM 3/417/1.
Selborne - Churchill, 13 October 1942 brief, PREM 3/417/1.

[2]Ibid.

This Chapter shall examine how the creation of an Anglo-U.S. 'common front' towards Sweden caused Swedish-German trade to become the predominant issue in Anglo-Swedish relations after 1942.

IMPACT OF PEARL HARBOR

Shipments of supplies from the Western Hemisphere to Sweden became haphazard shortly after the United States entered the war. The British government had granted the Swedes larger quotas for certain commodities in late 1941,[3] and had agreed to increase the number of ships plying the Gothenburg traffic from four to five each month. However, the Swedes found that the American supply authorities were refusing to grant export permits for most consignments to Sweden from the United States and Latin America. The Ministry of Economic Warfare endeavoured to furnish the Swedes with small quantities from Britain's own stocks, and also promised to intercede on Sweden's behalf to expedite the resumption of their transatlantic trade.[4] The Ministry also cautioned the Swedes that most products had become scarce as a consequence of the expanding American war effort and the spreading war in the Far East. The U.S. War and Navy Departments exerted considerable influence over the supply authorities to

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[3]Chapter One.

[4]Gunnar Hägglöf, Svensk krigshandelpolitik under andra världskriget (Stockholm: Norstedts, 1958), p. 213.

reserve commodities for military use. An official of the British Embassy in Washington remarked that "the present tendency is to grab everything for the U.S. armed forces."[5] In certain instances, their actions were justified. Rubber became extremely scarce after the Japanese overran plantations in Malaya and Indonesia. In other cases, the restrictions were unnecessary. There was no shortage of oil, which was produced copiously in the Americas and was so plentiful as to cause storage problems in such Caribbean oil ports as Tampico.

Stockholm's difficulty in obtaining American supplies was due also to the organization, attitudes, and procedures of the wartime U.S. bureaucracy. A junior official of the M.E.W. described the American method of government in a minute after a visit to Washington in 1944: "The Government set-up in Washington is cumbersome with its many departments all wanting a finger in each other's pie."[6] Throughout his thirteen-year presidency, Franklin Roosevelt never clearly defined the boundaries of responsibility for his cabinet and advisors. He allowed, and in some cases encouraged, departments and agencies to compete with each other for influence over policy, and to duplicate functions which originally had been conferred on other branches of the government.

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[5]R. Marris to Sir Charles Hambro, 1 August 1942 telegram 3735 ARFAR, FO 371/33054/N3970.

[6]D. Seebolm, minute, 3 August 1944, FO 837/1118.

Roosevelt allowed some officials to usurp the authority of others because their opinions paralleled his own. During the war, he thought that Secretary of State Cordell Hull's views on international relations were 'Wilsonian' and outdated. Roosevelt therefore tended to ignore the State Department, relying instead upon his advisors, Harry Hopkins, Admiral Leahy, Treasury Secretary Henry Morgenthau, and himself to conduct diplomacy with the Allies and to prepare plans for the postwar settlement. The State Department's circumscribed authority was encroached upon further by ad hoc agencies, such as Nelson Rockefeller's Office of Inter-American Affairs, and by inter-departmental boards which determined the allocation of supplies. The Board of Economic Warfare, and its successor, the Foreign Economic Administration, had been established to compile statistics on enemy trade and to coordinate the respective economic warfare policies of the State, War, Navy, and Treasury Departments. However, to then Assistant Secretary of State, Dean Acheson, the weekly meetings between the representatives frequently degenerated into "shouting matches" which failed to resolve the issues under discussion.[7] Decisions regarding the allocation of supplies to Sweden were often delayed for months as a consequence of this bureaucratic rivalry.

American attitudes towards Sweden in 1942 ranged from suspicion to open hostility. In American eyes,

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[7]Dean Acheson, Present at the Creation: My Years at the State Department (New York: W.W. Norton, 1969), pp. 40-41.

Sweden was sympathetic towards, and possibly covertly supportive of, Germany. Many Americans contended that Allied trade with Sweden was tantamount to "trading with the enemy."[8] These suppositions stemmed largely from ignorance of Sweden's circumstances. Moreover, in having been shocked into an energetic war effort by the raid on Pearl Harbor, Americans questioned the motives of those states who remained neutral in what they had decried prior to 7 December 1941 as 'Europe's war.'

Throughout the war, the State Department felt obliged to accommodate public opinion in order to sustain and possibly to enhance its influence within the government. However, it was also anxious to harmonize Washington's policy towards with that of the more experienced and knowledgeable British Foreign Office.[9] Sweden maintained only a small legation in Washington which dealt mainly with routine matters such as visas and inheritances. Similarly, the U.S. legation in Stockholm and consulate in Gothenburg had a combined staff of ten. The legation did not even own an official residence for the U.S. Minister.[10] Shortly after Washington declared war, the State Department directed the new minister to

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[8] Ibid., p. 48; David L. Gordon and Royden Dangerfield, The Hidden Weapon: The Story of Economic Warfare (New York: Harper Brothers, 1947), p. 188.

[9] R. Higgs, 8 January 1942 memorandum, "Neutral Sweden and the belligerents in the Third Year of War," National Archives, Washington, D.C., Record Group 59 papers, State Department, Political Affairs: Sweden 858.00.

[10] War History report of the American Legation at Stockholm, 20 February 1946, R.G. 59, 124.586/2-2096.

Sweden, Hershell V. Johnson, to prepare a comprehensive study of Swedish attitudes towards the war and Sweden's willingness and ability to oppose a German invasion. In the summer, Johnson despatched several reports to Washington which paralleled British arguments in favour of resuming Allied shipments to Sweden.[11] He emphasized Sweden's strong democratic institutions, the absence of widespread pro-Nazi sympathies, the Swedes' dependence upon imports from Germany, their deep-rooted Russophobia, and extensive defense preparations. Johnson recommended that Washington provide supplies to the Swedes in order to strengthen their morale and resistance to German pressure. The State Department accepted Johnson's advice but was unable to act upon it. The War and Navy Departments ultimately controlled supplies through their representatives on the various commodity allocation boards. Both Departments placed greater credence in their own judgment and economic warfare doctrines than in the reasoned and documented arguments advanced by Johnson and the British.

Under Secretary of the Navy, James Forrestal, who became Secretary of the Navy in 1944, did not dispute British arguments that the Swedes had not violated the War Trade Agreement. However, he contended that Sweden would agree to a total trade embargo on Germany if the Allies were to apply sufficient pressure. He considered

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[11]Department of State, Foreign Relations of the United States 1942, Vol. III (Washington: Government Printing Office, 1961), p. 333.

himself anexpert on economic warfare, and Captain Puleston, his advisor on neutral trade questions, was also a biographer of Admiral Mahan. Forrestal believed that the United States should take the lead in forming Allied policy towards Sweden because the British were too inept and cautious. Dingle Foot, Parliamentary Secretary for Economic Warfare, had conferred with senior U.S. officials in Washington during June 1944 and later described Forrestal's disdain for British methods in a letter to Mallet:

> He has made it clear on various occasions that in his view the British have almost entirely failed in this war to exert economic pressure as it should be exerted and that we have in fact been guilty of throwing away the advantage given us by sea power.[12]

While Forrestal furnished support to counter any opposition from the State Department, Under Secretary of War Robert Patterson in most cases was the instigator of the measures directed against Sweden. Patterson believed that the diversion of resources to supply neutrals prevented the Americans from conducting a total war effort. He also felt that Sweden's trade with Germany proved that the Swedes were not sympathetic to the Allies. His simplistic views remained unchanged throughout the war. Many Americans likened Patterson to Oliver Cromwell in his moralistic attitudes and his refusal to entertain contrary opinions.[13]

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[12]Foot - Mallet, 30 June 1944 letter, FO 837/916.

[13]Acheson, op. cit.

Erik Boheman, Secretary General of the Swedish Foreign Ministry, travelled to Washington in October 1942 to resolve Sweden's supply problems. When he visited Patterson, he discovered that the Under Secretary was more intent on haranguing him as to when Sweden was "going to stop Hitler" than in listening to Boheman's case for more supplies.[14] Patterson also declared that the United States sought to "hit the Germans on their swollen heads."[15]

When Dingle Foot visited Washington, he presented Patterson with statistics demonstrating a marked decline in Swedish exports between October 1943 and June 1944, but "this made no impression at all."[16] Patterson argued that Sweden's economy was virtually an appendage of Germany's. He declared that the German war effort would be weakened seriously if an Allied embargo on Sweden were to bring Swedish production to a halt.

> The United Nations are making a large contribution to Sweden's economy...without receiving anything approaching commensurate return. The Swedes are making an indispensable contribution to the Axis... a complete blockade of Sweden by the United Nations could reduce the Swedish capabilities for the manufacture and export of capital items to Germany.[17]

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[14]Erik Boheman, På vakt Kabinettssekreterare under andra väldskriget (Stockholm: Norstedts, 1964), p. 206.

[15]Ibid., p. 207.

[16]Foot - Mallet, op. cit.

[17]Patterson to Brigadier General Hayes A. Kroner, Chief Military Intelligence Services, 25 June 1942 minute of telephone conversation, NA/R.G. 165, OPD.836(6-25-42).

When London began to accommodate American views in the summer of 1942, it was not fully aware of these inflexible attitudes and their influence on U.S. policy. British officials did not comprehend the extent of the Undersecretaries' intentions until the middle of 1944, by which time the Anglo-American 'common front' towards Sweden had become an extension of Patterson's and Forrestal's plan to blockade Germany completely.

OIL FOR SWEDEN, 1942

On 2 April 1942, the Swedish government urged the British to press the Americans to resume oil shipments. The Swedes also asked London to increase Sweden's annual oil import quota from 60,000 tons to 120,000. The Swedes desired additional fuel so that the air force and navy could conduct more extensive reconnaisance and training operations without depleting Sweden's strategic fuel reserve. Although the Germans had relented on their 'war of nerves' against Sweden, Stockholm was anxious to bolster Sweden's defences.

Privately, the British Government accepted the Swedish request in principle. An interdepartmental meeting held at the Admiralty in March concluded that additional supplies should be used only as a bargaining counter to obtain significant concessions from the Swedes. The Chiefs of Staff ruled that the quantity of oil was insufficient to prolong Swedish resistance to German invasion, and would not strengthen the Wehrmacht's capabilities if it

were seized by the Germans. However, the Chiefs, in concurrence with the Foreign Office and M.E.W., also decided that the oil might bolster Swedish confidence in dealing with Berlin, and in turn, make the Swedes more amenable to Allied wishes. Nevertheless, the British deliberated for more than two months on what quid pro quos to obtain from Sweden. During one inconclusive interdepartmental meeting in late May, a War Office official expressed surprise over Stockholm's anxiety to obtain a "negligible" quantity of oil, but proposed that the British "should obtain all the quid pro quos we could," since the Swedes' desire seemed genuine.[18] Christopher Warner, of the Foreign Office, overruled this argument by pointing out that Britain could not press the Swedes "too far" over the oil:

> If we allowed them to realize that we thought this oil would make no difference to their ability to stand up to the Germans, they might give up all hope of doing so.[19]

The British finally agreed upon the demands to present to Sweden. London was concerned primarily with military traffic across Sweden. The Chiefs of Staff were anxious to prevent the Germans from reinforcing naval bases in Norway which threatened the Arctic convoys to Russia. The Admiralty possessed evidence that mines and

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[18]Lt. Col. McLeod, 29 May 1942, minute of meeting at Foreign Office, FO 371/33090/N2827.

[19]C.F.A. Warner, 29 May 1942, minute of meeting at Foreign Office, FO 371/33090/N2827.

naval technicians had reached Narvik via Sweden instead of by sea. The British services sought to limit military traffic across Sweden so that the Germans would become dependent upon shipping, which would be subject to the "increased attention of Coastal Command."[20] The Chiefs, Foreign Office, and M.E.W. therefore agreed to ask Stockholm to limit German traffic to Norway and Finland in return for the oil.[21] The Swedes would be pressed to monitor this traffic closely, and to furnish the British with detailed statistics concerning their transit arrangements with Germany. London also planned to ask Stockholm not to expel the two British legation officials who had been responsible for arming the blockade runners in January.[22]

The British regarded the proposed oil agreement as an ad hoc arrangement unrelated to Swedish efforts to obtain other supplies from the Americas. London intended to resolve Sweden's general supply problem in separate negotiations once the oil question had been resolved. Although the British were determined to "drive a hard bargain"[23] in return for the oil, they did not expect the Swedes to concede all demands. London was willing to give

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[20]Col. Spraggett, 29 May 1942, minute of meeting at Foreign Office, FO 371/33090/N2827.

[21]Minutes of meeting held at Foreign Office, 8 June 1942, FO 371/33090/N2981.

[22]M.E.W. - British Embassy, Washington, 13 June 1942 telegram 389 ARFAR, FO 371/33090/N3163.

[23]Sir C. Hambro, 28 June 1942 minute, FO 371/33090/N2595.

Sweden the oil eventually even if the statistics on German traffic proved to be less acceptable than London hoped for. The primary object of the negotiations would be to determine the extent of Sweden's willingness to accommodate the Allies in return for supplies. More sweeping demands could be made after the Swedes had become less concerned about possible German reprisals. The M.E.W. was confident that Sweden would honour any compromise that might be reached on the oil question. G.H. Villiers and Col. Sporborg of the M.E.W. maintained that "experience has shown us that a guarantee by the Swedish government was in fact valuable, as they did in fact stick to their guarantees."[24]

American cooperation was crucial to the British plan. The Swedes probably would not accept Britain's terms if the Americans were unwilling to export the oil. The State Department informally agreed that additional oil would help strengthen Sweden's morale.[25] However, the Department did not intervene forcefully on Sweden's behalf with supply bureaucracies in Washington. Throughout the summer of 1942, the British attempted to expedite an American decision by arguing that Sweden was essentially sympathetic to the Allies and was an important source of intelligence. The State Department responded by insisting that Britain would have to amend its proposal to include

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[24]Villiers, 28 May 1942 minute, op. cit.

[25]F.R.U.S., 1942, op. cit., pp. 338-40.

demands for Swedish trade statistics and the curtailment of exports to Germany. The Department followed these demands with others which London considered unreasonable.

For example, London was disturbed when the State Department insisted that Sweden must resume exports to Brazil and Uruguay, who had servered relations with the Axis, or cease trade with Argentina, one of the few Latin American states which continued to recognize Germany by mid-1942.[26] Sweden needed export markets in the Western Hemisphere to obtain hard currency to purchase imports from the west. Berlin's conditions for the Gothenburg traffic prevented Sweden from trading with the Allies or nations which discriminated against Germany. Argentina became Sweden's sole transatlantic market after most other Latin American states either had joined the Allies or had broken relations with the Axis to demonstrate the region's 'Hemispheric' solidarity with the United States. Most U.S. officials regarded Argentina as an obstacle to a continent wide 'Hemispheric bloc' because of its neutrality, its traditional anti-Americanism, and its government's fascist sympathies.[27] Moreover, Argentina was widely believed to be a haven for Axis spies and fifth columnists. Washington therefore believed that Sweden should recognize

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[26]Sir R. Campbell, Br. charge, Washington - Eden, 25 July 1942 telegram 3679, FO 371/33054/N4182. F.R.U.S. 1942 Volume III, op. cit., p. 363.

[27]J. Lloyd Mecham, The United States and Inter-American Security 1889-1960 (Austin: University of Texas Press, 1967), p. 212.

the existence of this 'bloc' by reversing its 'unfriendly' decision to export exclusively to Argentina.[28] In contrast, the British, who traded heavily with Argentina themselves, felt that Sweden's discrimination against pro-Allied states in South America was outweighed by the value of Swedish shipping chartered to Britain.[29] Swedish exports to Argentina remained a contentious issue between Washington and Stockholm throughout the war, but did not impinge upon Britain's diplomacy with Sweden.

The British thought that the American proposals stemmed from confusion within the U.S. government, and from the State Department's desire to postpone indefinitely a confrontation with the service departments. London feared that further delays would diminish Sweden's willingness to accommodate the Allies. During the summer, Sweden resisted German demands for credits to purchase more Swedish exports.[30] Villiers stressed M.E.W. anxiety about the Swedish supply problem:

> The present position of uncertainty...is intolerable for the Swedes. The War Trade Agreement does, in our view, benefit our war effort considerably. The Swedes too, are entitled to certain benefits, which they claim with some justice not to be receiving...we should be interested in

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[28] Campbell - Eden, op. cit.

[29] M.E.W. - Campbell, 28 July 1942 telegram 4540 ARFAR FO 371/33054/N4182.

[30] Mallet - M.E.W., 10 August 1942 despatch 72, FO 371/33054/N4179.

> preventing the present benevolent neutrality of Sweden...from turning into veiled hostility, as in the last war. It is up to us to avert this danger.[31]

By September, the Foreign Office and M.E.W. had prepared a detailed brief by which they hoped to convince Washington of Sweden's value to the Allied war effort. The brief stressed Britain's dependence on Swedish ball bearings, citing confidential statistics of British tank and aircraft production. These statistics were potentially damaging to British prestige in the United States since they revealed critical inadequacies in Britain's economy. The fact that Britain required bearings from Sweden was embarrassing. The Chiefs of Staff were anxious to prevent this information from being "bandied about Washington in an interdepartmental war."[32] The Foreign Office therefore, informed General Eisenhower of Sweden's economic importance to Britain, and asked him to convey this information discreetly to the highest U.S. authorities.

Eisenhower's intercession prompted the U.S. government to agree, in mid-September, to negotiate with Sweden on the oil question. However, the Americans remained undecided on the question of Swedish supplies and appropriate quid pro quos. It is possible that Washington

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[31]G.H. Villiers, 11 June 1942 minute, FO 371/33090/N2981; J.S. Sommers Cocks, 21 September 1942 minute, FO 371/33095/N4769.

[32]Major General R.H. Dewing, Senior British representative, U.S. Army European Theatre of Operations (Headquarters) to H. Sporbourg, M.E.W., 8 September 1942, FO 371/33091/N4665.

agreed to negotiate with the Swedes to avoid appearing totally insensitive towards British concerns.

Boheman travelled to London in early October to expedite an agreement with the British government and economic warfare specialists of the U.S. Embassy. The negotiations were to be based on an Anglo-American memorandum of 18 September which demanded: ceilings on the volume of German traffic across Sweden, exclusion of German ships from Swedish convoys, and the provision of Sweden's monthly trade statistics to the Allies. Before Boheman was despatched on his plenipotentiary mission, Swedish Foreign Minister Günther told Mallet that the demands were not an "insuperable obstacle" to an agreement being reached between Sweden and the Allies.[33] Boheman hoped to secure a comprehensive agreement guaranteeing quotas for all Swedish imports from the West. However, the British were unwilling to discuss Sweden's general supply problems, and confined negotiations largely to the transit traffic and other 'unneutral' Swedish concessions to the Germans. Boheman found that he had to spend much of his time in London defending Sweden's previous actions during the war.[34] Boheman informed Eden on 9 October that although Sweden was prepared in principle to stop the transit traffic, it was reluctant to act until the threat

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[33]Mallet - Cadogan, 25 September 1942 letter, FO 371/33092/N5112.

[34]Boheman, op. cit., p. 193.

of German reprisals receded. He admitted that the German army was heavily engaged in Russia but contended that Sweden's defences, the Air Force in particular, were inadequate.[35] Eden informed Churchill that although "the Swedes dare not have a showdown with the Germans,"[36] it seemed likely that Boheman would accept eventually most of the Allied demands.

Boheman lunched with Churchill on 15 October. The M.E.W. had briefed Churchill on the background of the blockade running question. Lord Selborne informed the Prime Minister that the S.O.E. intended to employ the Dicto and Lionel, two ships which had returned to Gothenburg during operation Performance in another blockade running attempt during the coming winter. Selborne advised Churchill to impress upon Boheman that the Swedes would "create a situation which might have most serious consequences for their country" if they refused to allow the ships to leave Gothenburg.[37] Eden gave Churchill a memorandum prepared by Major Desmond Morton listing Sweden's 'unneutral' activities over the previous two years. Churchill briefly mentioned the salient points of the Foreign Office brief when he met Boheman. The Swede pleaded force majeure, and described Sweden's military

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[35]Eden - Mallet, 9 October 1942 despatch 107, PREM 3/417/1.

[36]Eden - Churchill, op. cit.

[37]Selborne - Churchill, op. cit.

plans for countering a German invasion. Churchill told Boheman that Britain would despatch a force to Trondheim to assist the Swedes. However, he added that Britian valued Sweden as an independent neutral, and remarked that the Swedes were wise in avoiding a conflict with Berlin. Churchill put the memorandum aside, stating "you may be right, but why should we discuss such a disagreeable subject?"[38] He later informed Boheman that "I think I understand your attitude and your policy. You must arm and prepare yourselves for the worst, but on the other hand, do not be foolhardy. We do not want another victim."[39] Churchill never mentioned the blockade runners.

Churchill's remarks seem uncharacteristic of his usually critical attitude towards Sweden during the war. He often described the Swedes as "selfish" and undeserving of Allied assistance.[40] There is no official record of the conversation, and Churchill did not inform Eden of what transpired during the luncheon. It is possible that his discussion with Boheman about a hypothetical invasion of Sweden caused him to lose interest in such mundane questions as the transit traffic. Perhaps the discussion rekindled his earlier interest in promoting a British invasion of Norway. He mentioned that he wanted Sweden to assume a leading role in a Scandinavian bloc after the

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[38] Boheman, op. cit., p. 194.

[39] Ibid.

[40] See Chapters Five and Eight.

war.[41] As Churchill was currently advocating establishment of regional security blocs in postwar Europe,[42] it is not unlikely that he became preoccupied with this scheme during the course of his conversation with Boheman.

Churchill's remarks were well received in Stockholm. Mallet reported that Günther was pleased that Churchill "appeared to understand so completely the Swedish position."[43] The Swedes grew more satisfied with London's attitude when Boheman and the M.E.W. reached a tentative agreement in mid-October. Although Boheman contended that German pressure might prevent Sweden from complying fully with Allied demands, he agreed that Sweden would limit German freight in transit to 200,000 tons, and restrict the traffic to 225,000 double journeys per year. During the negotiations, the British had pressed Boheman to promise that Sweden would enforce more rigourously the 'normal trade' structures under the 1939 War Trade Agreement. London was aware that Sweden's exports to Germany had grown over the past year, but did not know by how much. However, the M.E.W. accepted Boheman's arguments that Sweden could not afford to affront the Germans, and that the increased exports enabled Sweden to obtain howitzers

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[41] W.M. Carlgren, Swedish Foreign Policy during the Second World War (London: Ernest Benn, 1977), p. 137.

[42] See Chapter Four.

[43] Mallet - Foreign Office, 23 October 1942 despatch 503, FO 371/33065/N5522. Swedish accounts of the Chequers meeting surprised many officials of the Foreign Office, who were unaware of what had transpired. Warner minuted, "I wonder if the P.M. is really as uncritical of the Swedes as M. Boheman suggested," 30 October 1942, FO 371/33065/N5522.

and machine guns from Germany. It also decided not to press the convoy question since Stockholm had been excluding troop transports from coastal convoys since September, and would probably impose further prohibitions in the future. Villiers minuted that Boheman had conceded the "really important questions" and that Sweden was therefore entitled to receive increased oil imports.[44]

However, Boheman's talks in London did not hasten the resumption of Sweden's oil imports. The American negotiators were not authorized to conclude an agreement with Boheman since their government had yet to establish a policy towards Sweden.[45] In late October, Boheman travelled to Washington to explain Sweden's problems. Although he was received cordially by Roosevelt, William Donovan, head of the O.S.S., and senior members of the State and Treasury Departments, Boheman was unable to expedite an American decision. Most U.S. officials conceded that Sweden was basically sympathetic to the Allies, and that circumstances had forced Stockholm into compliance with Berlin. Whereas the British believed that these circumstances dictated that the Allies furnish supplies to strengthen Swedish morale, many Americans concluded that Sweden should be blockaded because the Swedes were incapable of defying

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[44]Villiers, 7 October 1942 minute, FO 837/878.

[45]Sporbourg to Warner, 11 November 1942 letter, FO 371/33092/

Germany.[46] On 5 November, a subcommittee of the Board of Economic Warfare issued a list of demands which it had been drafting since June. The desideratta were accepted by the Board in mid-November and would serve as the basis for the 1943 War Trade Agreement. The Board's 'November resolution' asked Sweden to reduce trade with Germany, eliminate credits to Germany and its satellites, reduce German traffic across Swedish territory to the "maximum attainable," assist British efforts to import ball bearings, furnish trade statistics, charter to the United States 21 ships lying outside the Baltic which had not been chartered to Britain in 1940.[47] In return for Swedish acceptance, the Allies would give favourable consideration of Sweden's requests for imports. Sweden would stop purchasing goods on the open market in Latin America. Allied supply agencies would furnish the requisite materials from their own commodity pools after Allied requirements had been met.

The 'Resolution' called for a realignment of Sweden's foreign policy beyond what Stockholm had envisaged in September. Although Boheman lacked authority to conclude a comprehensive trade agreement with the Allies, he realized that he would have to reach a modus vivendi with the Americans for Sweden to have any hope of receiving imports

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[46]Admiral D. Leahy, Chairman, Joint Chiefs of Staff to Milo Perkins, Administrator, Board of Economic Warfare, 11 November 1942 letter, R.G. 165, OPD 009 EXPORT (11-14-42).

[47]Medlicott, op. cit., p. 204.

from the West. However, negotiations in Washington made little progress during November. Boheman's discussions with Acheson and other State Department officials often became embroiled on the question of exports to Argentina.

The British agreed that a new war trade agreement was necessary to settle Allied differences with Sweden. However, they also recognized that it would take months before both sides could agree on all conditions.[48] London was anxious to resume oil shipments to Sweden immediately. The Ministry of Supply and Special Operations Executive planned to sail the Dicto and Lionel from Gothenburg during the dark days of late December and early January. The Admiralty intended to transfer light anti-aircraft guns to the ships from fast motor gunboats which would meet and escort the ships once they left Swedish waters. The Admiralty believed 'operation Cabaret,' as this breakout scheme was named, had a "fifty-fifty chance of success."[49] 'Operation Cabaret' was supported by Oliver Lyttelton, the Minister of Production, who asserted that the ships' cargoes were "vital" to Britain's war production, and "should be brought to England if humanly possible."[50] The Swedes

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[48]Warner - Villiers, 28 October 1942 letter, FO 837/897.

[49]Eden-Churchill, 3 January 1943 minute, PM 4/43/24. Churchill minuted, "I should have thought it was as hopeless as the last time," 1 January 1943, PM 42/324; FO 371/33094/N6558.

[50]Lyttleton - H.V. Alexander, 31 July 1942 letter, FO 371/33092/N5836.

steadfastly rebuffed several informal British requests to release the ships throughout 1942, and London believed they would remain intransigent if the Allies did not resolve the supplied dilemma. "The Swedes seem somewhat despondent at the moment and we all feel it would be quite useless to go to Stockholm and ask for permission for Cabaret unless we can get the oil agreement through first."[51] The Foreign Office sought to use the oil shipments to persuade the Swedes to allow the ships to depart. It wanted oil exports to resume in November or early December so that at least two tankers would have arrived in Sweden before Mallet demanded that the Swedes release the blockade runners. Britain would threaten to terminate oil deliveries if the Swedes refused to comply immediately.[52]

The British had informed the State Department of Cabaret on several occasions during early November but failed to expedite a Swedish-American accord over oil. Eden therefore prompted Churchill to ask Roosevelt, on 12 November, to order the resumption of oil exports to facilitate operation Cabaret. Churchill pledged his government's "full support" for future U.S. initiatives towards Sweden in return for Roosevelt's assistance.[53]

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[51]Sporbourg to Warner, 4 November 1942 minute, FO 371/33092/N56.

[52]Ibid.; Eden to Churchill, 12 November 1942, FO 371/33092/N583.

[53]Churchill - Roosevelt, 13 November 1942 draft telegram 7040, FO 371/33092/N5836.

As a consequence of Churchill's message, London was committed to an Anglo-American 'common front' towards Sweden. Although London would balk at some U.S. proposals by 1944, the Americans were able eventually to secure support from the British who felt obliged to honour Churchill's guarantee.

On 1 December, Roosevelt accommodated Churchill's request and issued a Presidential Order allowing two Swedish tankers to leave U.S. waters with 30,000 tons of oil in return for the recent charter of 21 Swedish ships to the United States.[54] Boheman remained in Washington to haggle over other aspects of the 'November resolution,' in order to secure a more favourable basis for future war trade negotiations. The British planned to initiate Cabaret after Boheman had returned to Stockholm, so that he could brief the Swedish cabinet on the prevailing Allied attitudes towards Sweden before the cabinet recessed for the Christmas holidays. The State Department therefore reached a modus vivendi with Boheman even though he had not accepted every American demand. The Department did not inform Boheman of Cabaret, or of the pressure tactics which London planned to employ, because he had been intransigent when the subject was raised during October and November.

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[54] F.R.U.S. 1942, Vol. III, pp. 359-60; Acheson, op. cit., p. 51.

On 21 December, Mallet presented an aide mémoire to Günther asserting that Sweden's refusal to let the two ships leave Gothenburg violated international law. The note warned the Swedes that further exports would be withheld unless the ships cleared within a fortnight.[55] Günther protested that Sweden was acting within its rights since the British had violated Swedish neutrality by arming the ships. Günther informed Mallet that the Germans would probably suspend the Gothenburg traffic and increase naval patrols off the Swedish coast if Sweden were to accept the British demand. Moreover, he said that Stockholm had assured the Germans that it would inform Berlin if the ships were allowed to sail. In later meetings, Günther tried to persuade Mallet that Hitler would probably assume that a major Swedish concession to the Allies was a prelude to Allied landings in Norway or Denmark. He stressed that Hitler would regard an Allied landing in Norway as a "pistol at the heart of Germany," and would withdraw forces from Russia to "maintain the position nearer home."[56]

The Foreign Office was incensed by Günther's reaction to the note, and urged Washington to exert "maximum pressure" on the Swedes.[57] The State Department was

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[55]Mallet - Eden, 26 December 1942 despatch 930, FO 371/33094/N6552.

[56]Mallet - Eden, 5 January 1943 despatch, 3, FO 371/37067/N257.

[57]F.O. - Washington, 6 January 1943 telegram 116, FO 371/37066/N96. Eden - Churchill, 27 December 1942 minute, FO 371/33094/N6558.

confused by Britain's attitude on this question. The British had previously taken pains to persuade Washington that the Allies could not expect Sweden to yield sweeping concessions at this early stage of the war. Moreover, the Department had come to share this view and had waged a difficult struggle with the service departments to obtain B.E.W. approval to furnish supplies to Sweden. It prodded Boheman to reduce trade with Germany and Argentina because it believed that commercial concessions would not provoke German reprisals. However, the Department could not understand why the British wanted to cut off supplies if the Swedes refused to accommodate them on a prestige laden issue.[58] In spite of these misgivings, the Department instructed the American legation in Stockholm to support Mallet's representations.

Allied approaches to Sweden during the weeks following Mallet's 'ultimatum' insisted that Sweden was militarily and diplomatically strong enough to "assert its rights as a neutral."[59] The Americans insisted that "Sweden has never been in a stronger position to resist Germany." They maintained that Sweden's ability to withhold iron ore exports provided Stockholm with a "potent weapon" to counter German pressure. They implied that

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[58]Halifax - M.E.W., 5 December 1942 telegram 5104 ARFAR FO 371/33054/N4693.

[59]J. Greene, 8 January 1943, transcript of conversation with Staffan Söderblom, head of the Political Department, Swedish Foreign Ministry, FO 371/37067/N257.

Sweden would be given favourable terms in the forthcoming war trade discussions if the ships were to be released. British rhetoric emphasized Germany's recent loss at Stalingrad, and maintained that Sweden was no longer endangered by the Germans. Warner implored Björn Prytz, the Swedish minister, that the changing fortunes of war obliged Sweden to redress "the balance which had for so long been heavily weighed down on the side of Germany."[60] He warned that the Allies would cut off Sweden's oil imports if the Lionel and Dicto did not sail. Warner also implied that the impetus behind retaliatory sanctions would come from Washington and not London. Non-compliance "would make a very bad impression and strengthen the hands of those, e.g., in the United States, who had been in favour of 'treating Sweden rough'."

London combined diplomatic pressure with a propaganda campaign conducted by Peter Tennant, the press attaché in Stockholm. Tennant encouraged pro-Allied newspapers, such as the Göteborgs Handelstidning to publish anti-German editorials and to criticize the Swedish government's seeming deference to Germany. Tennant's office also furnished these papers with details concerning Stockholm's concessions to Berlin which the government had previously withheld from the press.[61] It also insti-

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[60]Warner, 8 January 1943, minute of conversation with Prytz, FO 371/37067/N160.

[61]Mallet - Eden, 20 February 1943, despatch 165, FO 371/37073/N6895. Johnson - Hull, 5 April 1943 telegram 1068-70, 1090-91, April 5-6, R.G. 59/858.00.633.

gated a whispering campaign against the government amongst influential circles in the governing Social Democratic party and the trade unions.

Public opinion within Sweden made a greater impression upon the Swedish government than did Allied or German rhetoric. The government believed that the press would accuse it of placing Germany's interests above Sweden's if the Allies were to suspend the Gothenburg traffic.[62] Therefore, Boheman informed Mallet on 8 January 1943 that the Dicto and the Lionel would be free to depart after 15 January if the Allies accepted the London agreement of 14 October as the basis for future war trade negotiations. The Foreign Office was incensed by Stockholm's attempt to barter the ships' fate in return for more favourable conditions, and informed Washington that the Swedes had "no right to bargain."[63] However, the Americans were prepared to reassure the Swedes. An American aide-mémoire of 15 January stated that Washington did not contemplate "the introduction of further demands... which have not already been discussed with M. Boheman either in London or in Washington."[64] Two hours after receiving this message, the Swedes informed Mallet that the ships could sail immediately.

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[62]Carlgren, op. cit., pp. 141-42; Boheman, op. cit. pp. 226-8.

[63]Medlicott, op. cit., p. 458.

[64]U.S. Government aide-mémoire, 15 January 1943, enclosed in Mallet - Foreign Office, 19 January 1943, despatch 49, FO 371/37068/N662.

However, the ships made only one abortive attempt to break through the blockade. Stockholm informed Berlin on 14 January that the ships would be cleared. Although Berlin threatened periodically to close the Gothenburg traffic if the ships were allowed to sail, the Germans intimated that they would not interfere with the traffic if the Swedes granted additional credits, increased military transit facilities, and other concessions. However, the Swedes refused to accept these terms during trade negotiations which were being held in Berlin. The Germans retaliated by stopping the Gothenburg traffic on 15 January, and despatched small warships to patrol the Skagerak. The Lionel and Dicto sailed from Gothenburg on 17 January but anchored in nearby Hakefjord on the 18th to await Admiralty intelligence regarding the German patrols. The Swedes were now anxious for the ships to leave so that they could persuade the Germans to reopen the Gothenburg traffic. However, the Admiralty postponed the breakout after it learned that three large German destroyers had arrived at Kristiansand in southern Norway for "manoeuvers."[65] The Admiralty ordered the ships to remain ready to sail in hopes that the Germans would tire of waiting for a breakout and relax their patrols. Operation Cabaret was abandoned in mid-February because the days were lengthening and the small warships which were to

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[65]Ralph Barker, Blockade Busters (New York: W.W. Norton, 1976), p. 148.

escort the Dicto and Lionel had been damaged during a North Sea gale and required a refit.[66] On 7 March 1943, Mallet informed Boheman that the Dicto and Lionel would be laid up at the small port of Lysekil. Their cargoes were transported eventually to Britain by aircraft and fast motor boats. Berlin reopened the Gothenburg traffic on 7 May, after it was satisfied that the blockade runners would not sail.

Operation Cabaret had not achieved any tangible results, but the Foreign Office regarded it as a political success. Allied pressure had forced the Swedes to recognize Britain's 'legal right' to sail the ships from Gothenburg. By clearing the ships, Stockholm had placed its willingness to help the Allies above its fear of German sanctions. The Foreign Office was pleased also with other actions which indicated a sterner Swedish attitude towards Germany. The Swedes had rejected German economic demands in January. Prime Minister Hansson delivered a speech on 18 January which emphatically warned Germany not to interfere in Sweden's affairs.[67] The Foreign Office observed that Soviet successes at Stalingrad and elsewhere were well received by the Swedish public, although the government was "slightly nervous" because of

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[66]Admiral Tovey, Commander-in-Chief, Home Fleet to Secretary of the Admiralty, 28 April 1943 despatch 632/ HF13/26, ADM 199/660.

[67]Johnson - Hull, 5 February 1943, despatch 1390, R.G. 59/858.641.

Sweden's "inherent fear of the Soviet Union."[68] Commander Lundquist, Sweden's Director of Combined Intelligence, met Admiralty officials during a visit to London who found his attitude towards the belligerents "entirely satisfactory."[69] The Northern Department informed Eden on 10 February that it was "fairly satisfied with this development" in Swedish policy. However, it also maintained that since the Swedes still "owe us many favours we should avoid giving the appearance of running after them or congratulating them in any way on their 'audacity'."[70] The British therefore planned to assume an inflexible attitude towards Sweden during the forthcoming war trade negotiations, although privately they had few complaints with Sweden's current behaviour.

The Americans drew different conclusions from operation Cabaret. The State Department observed that the Swedes were less inclined to haggle and responded more readily to pressure than did Boheman during the London and Washington negotiations. Britain's proposal to stop oil shipments had weakened the force of earlier British arguments in favour of supplying Sweden. In future, the Department would take a more jaundiced view of London's

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[68] Nutting, 2 February 1943 minute, FO 371/37068/N591.

[69] Northern Department - Eden, 10 February 1943, Brief for Secretary of State Regarding Sweden's Stance towards Germany, FO 371/37098/N879.

[70] Ibid.

advice, and would be less willing to oppose the War Department's economic warfare policy.

The War Department believed that the Swedes' eventual decision to release the blockade runners was less significant than the fact that they had done so only after several weeks of intense Allied pressure. Moreover, they had given Germany an opportunity to intercept the ships. Patterson argued that the Dicto and Lionel episode demonstrated that Stockholm's fear of Germany outweighed any private inclinations on the part of Swedish officials to accommodate the Allies. He maintained that Germany could overrun Sweden in

> a matter of days.... Their [the Swedes] realization of this plus the present economic necessity is the reason they are providing war supplies for Hitler. The difference between Sweden and the countries occupied by Hitler's armies...is only a difference by degree.[71]

Patterson revived his earlier proposals for a blockade of Sweden. Stockholm's behaviour during late December and early January served to strengthen his influence in Washington.

By April 1943, London had become disturbed by Washington's stiffening attitude towards Sweden. The British were anxious to resume oil shipments to Sweden once the Germans had re-opened the Gothenburg traffic in order to refurbish the Stockholm-Scotland air service's

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[71]Patterson, 13 February 1943 memorandum, R.G. 165, OPD/009/EXPORT (2-13-43).

fuel supplies. The Americans agreed to export oil in May, after the British had insisted that the air service was needed to transport ball bearings to Britain.[72] However, Washington reserved the right to suspend oil deliveries if the Swedes proved recalcitrant during the war trade negotiations. Anthony Nutting, of the Northern Department, summed up Foreign Office exasperation with Washington's behaviour: "It seems to be our fate to encounter American tiresomeness at every turn in getting oil into Sweden, despite our having impressed upon them the vital necessity for the maintenance of air communications."[73]

THE 1943 WAR TRADE AGREEMENT

On 9 May 1943, a Swedish delegation, which included Gunnar Hägglöf, the diplomat who had negotiated commercial questions with the Germans, and banker Marcus Wallenburg, who had attended previous Anglo-Swedish trade talks, arrived in London for six weeks war trade negotiations. The Swedes had hoped that the agreement would settle the erratic supply problems of the previous year and establish higher import quotas for Sweden. Stockholm expected the Allies to press for economic concessions in return, but believed these would entail essentially the more rigourous

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[72]Halifax - Foreign Office, 29 May 1943 telegram 2477, FO 371/37068/N3218.

[73]Nutting, 4 April 1943 minute, FO 371/37073/N27072.

enforcement of the export ceilings allowed under the 1939 agreement, and the reduction of German transits to 1940 levels. However, the Allies insisted that Sweden refuse further credits to Germany, reduce iron ore exports to Germany and occupied Europe in 1944 from the 1939 ceiling of 9.5 million tons to 7.5 million, limit exports of forest products and machinery to 75 percent of the 1942 volume, restrict the shipment of ball bearings, steel, chemicals, and 38 other products, and that the Swedes 'do their utmost' to refuse additional German orders for these goods. The Allies demanded that the Swedes fix the price of iron ore exports to a ratio of two tons of German coal for each ton of ore. The Allies hoped that this measure would cause a further reduction of Swedish exports because ore shipments would become more expensive when German coal prices rose as a consequence of war damage to mining and transportation facilities.

The Allies proposed that Sweden reduce its exports to 'Axis Europe' during the second half of 1943 even though the Germans had already contracted for these goods. The British included a clause in the proposed agreement prohibiting export of ships and weapons. London hoped that this provision would prevent the Swedes from delivering twelve trawlers which were being built in Sweden for German interests and which the Admiralty believed could be converted into minesweepers or harbour defense vessels.[74]

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[74]M.E.W. - Mallet, 7 June 1943 telegram 445 ARFAR, FO 371/37106/N3425.

London did not believe that Stockholm could justify this transaction as part of its 'normal trade' since Sweden previously had exported only one trawler to Germany in 1938.

In addition to these primarily economic proposals, the Allies demanded suspension of the 'leave' and war material traffic on Swedish railways and the prohibition of German ships in Swedish convoys.[75] They offered the Swedes few concrete incentives to accept these terms. Apart from a commitment to furnish 120,000 tons of oil, most of Sweden's import quotas or 'basic rations' remained unchanged, and some imports such as meat were reduced drastically, or in the case of rubber imports, eliminated entirely.

The Americans were largely responsible for formulating these demands. The State Department adopted a less accommodating attitude towards the Swedes to accommodate Patterson's indignation over Stockholm's handling of the Dicto and Lionel issue. The Department believed that Swedish pleas of force majeure were now less justified than in the autumn of 1942 because of German losses in North Africa and Russia.[76] Therefore the Swedes could be expected to make greater concessions to the Allies than those which had been discussed tentatively with Boheman.

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[75]Amended minutes, meeting chaired by Sir O. Sargent, 7 May 1943, FO 371/37106/N2801.

[76]Halifax - Foreign Office, 16 March 1943 draft telegram, FO 115/3951.

Moreover, the Americans believed that larger export reductions were necessary to offset previous "violations" of the 1939 War Trade Agreement. A delegation of Allied economic investigators travelled to Sweden in January and learned that Swedish exports since 1940 had exceeded "normal trade levels."[77] In addition, the Americans were disturbed by the abnormally high volume of iron ore exports during January.[78] Swedish-German trade agreements stipulated higher ore export quotas than the "normal trade" figures established under the 1939 Anglo-Swedish agreement. In previous years, Stockholm held the actual export volume below the level which the Germans expected by means of 'administrative measures', such as conscripting miners, closing railways for repairs, or closing the ore port of Luleå, which was usually ice-bound in winter. However, the Swedes lacked a pretext for closing the port until late January 1943 because unusually mild weather prevented ice forming in the Gulf of Bothnia.

On the whole, the British shared most of the American views although they were unsure of Sweden's willingness to accept all proposals. London agreed that the Swedes should curtail some commerce with Germany, but feared that the Swedes would balk at the prospect of

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[77]Halifax - M.E.W., 15 March 1943 telegram 12, 39, FO 115/3950.

[78]Ore exports from Swedish ports in January 1943 amounted to 535,000 tons, more than double the monthly volume for the preceding five Januaries. Mitcheson - M.E.W., 15 February 1943 telegram 87 ARFAR, FO 837/895.

realigning radically their relations with Germany. Ironically, the British were prepared to defer the military transits proposal in order to make the economic proposals seem less onerous to the Swedes.[79] The War Office was not overly concerned about German troop traffic across Sweden, and the Admiralty only wanted to curb the traffic in supplies and munitions destined to reinforce naval installations in Norway. Both departments wanted Stockholm to restrict the volume of troops and supplies transported across Sweden rather than prohibit this traffic entirely. In March, the M.E.W. suggested that the Americans abandon the transit demands temporarily. However, the State Department responded by proposing an alternative demand that the Swedish authorities fingerprint all German soldiers crossing Sweden.[80] The British found this proposal utterly impracticable, and agreed to include the original transit demands in the War Trade negotiations.

The Swedish delegation found little room for bargaining during the negotiations. They were unable to be evasive about the extent of Swedish-German trade since the Allies possessed comprehensive information about their trade. During the talks, the British negotiators adopted a stern and unyielding attitude. Lord Selborne, the Minister of Economic Warfare, opened the session on 10 May

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[79]Medlicott, op. cit., p. 463.

[80]L. Collins - Lord Drogheada (M.E.W.), 23 March 1943 minute, FO 837/895.

with a speech stating that in spite of the Swedes' well-known regard for the Allies, "there is a feeling in this country that we get all the sympathy while the Germans get all the goods."[81] The Swedish negotiators were also hampered by poor communications with Stockholm which inhibited full consultation with their government. Hägglöf was obliged therefore to act on his own judgement. He reasoned that although Sweden would gain little in return for curtailing trade with Germany, compromise with the Allies might improve Sweden's standing with the United States.[82] By mid-June, the Swedish delegation accepted most of the Allied trade reduction proposals for 1944, but was intransigent on certain questions such as trade restrictions for 1943 and trawler exports. The Swedish government was alarmed by the extent of the Allied demands[83] and recalled the delegation on 19 June. Before departing from London, the Swedes accepted a draft agreement and declaration terminating the transits ad referendum to the three governments concerned. If ratified, the documents would be in force between 1 October 1943 and 31 December 1944.

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[81]Minister's opening statement to Swedish Delegation, 10 May 1943, FO 837/895.

[82]Hägglöf, op. cit., pp. 259-61.

[83]Boheman described the economic clauses of the agreement as a "thoroughly bad bargain for Sweden," Mallet - Foreign Office, 27 May 1943 telegram 446, FO 371/37106/N3196; Boheman, op. cit., pp. 234-6.

The Allies waited nearly three months while the Swedish government deliberated on whether to accept the draft agreement or press for better terms. Stockholm was willing to terminate the German transits.[84] A substantial body of the Swedish press and public had condemned the government for allowing German military traffic across Sweden since 1940. Moreover, the traffic had prevented a rapprochement between Stockholm and the Norwegian government-in-exile. Events in Europe, such as the fall of Mussolini, and German losses in Russia and Italy, were making the traffic an embarrassment to Sweden. But Stockholm considered the transits to be a separate issue from the proposed war trade agreement because the Swedish government wanted to appear as if it were acting on its own initiative rather than in deference to Allied pressure.[85] In order to terminate the transits before 1 October, Stockholm informed Berlin on 5 August that it would prohibit German war material and troops across Sweden on 15 and 20 August respectively. The Swedes assured London that they would terminate German oil shipments to Norway, and would attempt to limit transits of 'non-war materials' such as food, mails, building materials, etc. to less than the 120,000 tons which London was willing to allow.

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[84]Before the London negotiations opened, Mallet reported that Boheman had intimated that Sweden was prepared to end troop transits within a few months, Mallet - F.O., 7 May 1943 telegram 350, FO 371/37106/N2515.

[85]Carlgren, op. cit., p. 152; Mallet - F.O., 19 July 1943 telegram 571, FO 371/37107/N4220.

The Foreign Office believed it had "good cause to feel satisfied"[86] with Sweden's prompt suspension of most of the transits. The Admiralty estimated that the Germans would be forced to divert 60,000 tons of additional shipping from the iron ore trade to transport troops and equipment to northern Norway. The Swedes also agreed to stop repairing German and Finnish military vehicles which had been withdrawn to Sweden from the Finnish front. Most British officials believed that the Swedes had helped the Allied war effort materially by terminating the transits, and had also helped to further undermine Germany's prestige among other neutrals. Thirty-three years later, Sir Anthony Nutting described the transit concessions as the "greatest accomplishment" of wartime Allied diplomacy with Sweden.[87]

In spite of its willingness to accommodate the Allies on the transit question, the Swedish government was reluctant to accept their economic terms. Günther and Hansson believed that Swedish compliance might provoke German reprisals, such as the closure of the Gothenburg traffic, or possibly an invasion. Sweden's economy would be severely weakened by curtailed exports to Germany. Germany was Sweden's principal trading partner and sole

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[86]Warner - Arkadi Sobolev, USSR Embassy, London, 21 August 1943 letter, FO 371/37107.

[87]Sir Anthony Nutting, 6 June 1976, interview at his home, London, England.

source of coal and coke. Sweden's supply of coal and other raw materials would be insufficient to sustain its industries if the war continued for more than 18 months.[88] The proposed war trade agreement gave Sweden nothing in return for this sacrifice, apart from an increase oil quota and an Allied guarantee to continue the Gothenburg traffic. Many Swedish cabinet members believed Sweden's immediate economic requirements were more important than good long term relations with the Allies. Hansson thought the "outcome of the war was not clear,"[89] and that Sweden should remain cautious towards Germany.

Hägglöf and Wallenburg eventually persuaded Hansson that it was necessary to accommodate the Allies in order to prevent the U.S. service departments from gaining greater influence over American policy.[90] Washington unwittingly added credence to the arguments by temporarily delaying oil shipments during July.[91] Hansson unsuccessfully tried to satisfy the Allies by proposing that Sweden issue a declaration of principle which would announce its intention to curb exports, without formally committing

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[88]Boheman, op. cit., pp. 238-41.

[89]Carlgren, op. cit., p. 152.

[90]Hägglöf, op. cit., pp. 268-71.

[91]Halifax - M.E.W., 29 July 1943 telegram 2424 ARFAR, FO 371/37065/N4367.

itself to the Allied terms.[92] However the Allies insisted that Stockholm adhere to the text of the draft agreement which Hägglöf signed in London. The Swedes finally conceded and Björn Prytz, the Swedish minister in London, concluded the agreement through an exchange of notes with Selborne and John Winant, U.S. ambassador to Britain, on 23 September.

In addition to the terms which Hägglöf had informally accepted in London, the agreement incorporated some conditions which were left unresolved when he had been recalled in June. Sweden would curb exports during the remaining months of 1943. The United States would permit Swedish exports to Argentina, provided that they were limited to such items as woodpulp and newsprint. Tripartite Joint Standing Commissions would be established in Washington, London, and Stockholm to monitor Sweden's compliance with the agreement, to consider ad hoc Swedish requests for supplies, and to review proposals to modify the agreement. Britain was unable to persuade Sweden to stop delivery of the trawlers, since Sweden maintained that these vessels had been ordered in 1942 and thus were not covered under the new agreement. The trawlers were delivered to Germany in 1944, and British intelligence reported that the craft were being employed as coastal escorts and anti-aircraft ships in Hamburg harbour.[93]

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[92]Mitcheson - G.H. Villiers, 10 August 1943 confidential letter, JM/MS 139/8/43, FO 837/901.

[93]Medlicott, op. cit., p. 470 n.

The M.E.W., on the whole, was impressed with Sweden's apparent willingness to comply with Allied wishes. Spain and Portugal rejected Allied proposals that they curtail wolfram and other ore exports to Germany even though this commerce had been virtually non-existent.[94] Sweden, by contrast, had consented to reduce its staple iron ore trade to quotas well below prewar levels. Parliamentary Secretary for Economic Warfare Dingle Foot felt Sweden deserved greater understanding from the Allies in return for its behaviour during the summer of 1943. In a letter to Winant, he surmised that the Swedish government must have encountered similar domestic opposition to what the British and American governments would have expected when lowering tariffs: "It is not difficult to imagine what your industrialists or ours would have said if you or we had agreed to sacrifice a third of American or British export trade for a period of some 18 months."[95]

Foot believed that Sweden would honour the agreement, and he maintained that the Allies would be acting in bad faith if they were to apply sanctions or threats to obtain concessions in the future. He insisted that the Allies should compensate Sweden for lost trade as a quid pro quo for further export reductions. Foot thought that

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[94]G.H. Villiers - F.K. Roberts, F.O., 2 March 1944, FO 837/907.

[95]Foot - Winant, 24 May 1944, FO 837/916; F.R.U.S., Vol. IV, 1944 (Washington: G.P.O., 1966), p. 551.

the Allies could both undermine Germany's war effort and foster Swedish goodwill through pre-emptive purchases of goods normally destined for Germany. After the Swedes had agreed to accept fewer German orders for manufactured products, the M.E.W. purchased 1 million pounds worth of ball bearings, and promised to buy an equivalent amount in the future. Foot was confident that these purchases would prevent the Germans obtaining sufficient bearings from Sweden to alleviate shortages resulting from American air raids on Schweinfurt and other ball bearing centres.[96] Foot also believed that the Allies could reduce further Germany's imports, without pressing Sweden for further trade restrictions, by disrupting Germany's transport system. Coastal Command aircraft and small naval units had been attacking German convoys in the North Sea since April.[97] A number of Swedish vessels under charter to Germany for transport of ore from Narvik and coal to Sweden had been damaged in these attacks.[98] The Germans preferred to route most of this trade through Rotterdam, which had better rail connections with the Ruhr mills and Saar coalfields than did Bremen or Emden. However by late August, Swedish shipowners refused to allow their ships to

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[96]Foot, 28 October 1943 minute, FO 371/37107/ N6490. See also Chapter Five.

[97]S. Roskill, The War at Sea 1939-1945, Vol. III, Part I, (London: H.M.S.O., 1960), p. 91.

[98]Fourteen Swedish ships had been lost in the Baltic and North Seas between January and July 1943, U.S. Office of Naval Intelligence, 10 August 1943, Report: Swedish Shipping Summary July 1943, OP-16-FT, S9-43, FO 115/3946.

sail for Rotterdam. The Germans were obliged to divert the ore traffic to Emden and Bremen, whose port and rail facilities, the M.E.W. believed, were "stretched to the limit" by added German shipping activities resulting from the cancellation of Swedish transports and by the devastating British air raid on Hamburg.[99] Swedish ships were forced to wait nearly two weeks to discharge their cargoes, which accumulated at these ports due to insufficient rail transport to the Ruhr. Moreover, the raid on Hamburg prompted some Swedish shipowners to withdraw their vessels from the German trade entirely.

The Foreign Office took a more jaundiced view of Sweden's behaviour than did Foot, since the Swedes had refused to stop the trawler sale to Germany. The Northern Department was especially annoyed when Foot made only a mild protest to the Swedish legation about Sweden's supplying of equipment to repair the Knaben molybdenum mines in Norway which had been heavily bombed by the R.A.F. Nutting minuted acidly, "nothing will shake Mr. Foot in his belief that the action of the Swedes in signing the recent economic agreement with us and the Americans has wiped the Swedish slate clean and he has put them up top among the neutrals for affording such enormous assistance to the

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[99] M.E.W., Intelligence Weekly, Secret report 83, 16 September 1943; M.E.W., Intelligence Weekly, Secret report 82, 9 September 1943; M.E.W., Intelligence Weekly, Secret report 79, 19 August 1943, FO 935/77.

Allies'."[100]

However, the Foreign Office continued to accept Foot's advice in adopting policy towards Sweden since most of its members were largely uninterested in economic questions. Moreover, it was pleased with many political measures which Stockholm had taken during the second half of 1943. The Swedes resumed relations with the Royal Norwegian government. They agreed to equip and train 9,500 Norwegian and 3,000 Danish refugees in Sweden as a paramilitary 'police force' which would return to their homelands to restore order following a German collapse.[101] Stockholm intervened unsuccessfully with Nazi authorities to prevent the deportation of 500 Danish Jews and incarceration of 1,200 dissident Norwegian students and teachers. During October, the Swedish Red Cross arranged a Prisoner-of-War exchange between Britain and Germany at Gothenburg in which more than 4,000 British and Canadian P.O.W.'s were repatriated aboard the Swedish liner, Drottinholm and Canadian Pacific's Empress of Russia.[102]

Although London had few complaints about Swedish policy during the Autumn of 1943, some British officials observed that the U.S. service departments remained critical

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[100] Nutting, 4 November 1943 minute, FO 371/37107/N6490.

[101] Carlgren, op. cit., pp. 158-161.

[102] G. Young, Outposts of Peace (London: The Right Book Club, 1945), p. 122; R. Turner, The Pacific Empresses (Victoria, B.C.: Sono Nis Press, 1981), pp. 237-8.

of Sweden and continued to insist that the Allies press for additional concessions from Sweden. In November, the Americans proposed that all future Swedish requests for ad hoc supply consignments be addressed to the Washington rather than London Joint Standing Commission. John Mitcheson, the British commercial counsellor in Stockholm, advised the M.E.W. to refuse this proposal because the Americans would be enabled to decide unilaterally supply questions before the British had a chance to act. However, the Ministry ignored Mitcheson's warning and accepted the American proposal because they thought that Washington would probably forward the agenda and minutes of the J.S.C. meeting to London, and it was "unlikely that any decision would be made without British agreement."[103] By assenting to this seemingly innocuous proposal, Britain enabled Patterson to gain the initiative over the British, and his opponents in Washington, in determining Allied policy. During 1944, he would demonstrate that he had no qualms against unilateral action, and used this latent threat to compel the State Department and London to endorse his plans for the elimination of Swedish-German trade.

Shortly after the War Trade Agreement had been concluded, Washington began to question Sweden's willingness to curtail exports to Germany. Marcus Wallenburg had already informed Mitcheson in August that Sweden would

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[103]L.H. Collins, M.E.W. to Sir O. Mahon, Board of Trade, 9 December 1943, FO 837/903.

have considerable difficulty in withholding exports to Germany because most exports were contracted for under existing agreements with Berlin.[104] In addition, German coal deliveries increased during the summer as an inducement for correspondingly larger ore exports. Swedish ore shipments between May and August 1943 averaged 1.1 million tons a month, the highest volume of the war.[105] Mitcheson assumed that the Swedes were taking advantage of the hiatus before ratifying the Agreement to enlarge their coal reserves in the event that Sweden's imports were cut off for the duration of the war.[106] Between October and December, the Allies regularly pressed Stockholm to ensure that ore exports did not exceed the 9.9 million ton ceiling established under the 1939 Agreement. Boheman repeatedly assured Mallet and Johnson that 'administrative measures', such as the conscription of port and railway workers, would restrict exports during the last months of 1943. Shipments to Germany did drop from 1.3 million tons in September to 593,737 tons in December,[107] but total ore exports for 1943 reached the wartime annual record of 10,241,737 tons. The Americans suspected that Stockholm had misled the Allies deliberately. The State Department

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[104] Mitcheson to Villiers, 10 August 1943 letter JM/MS 139/8/43, FO 837/901.

[105] Enemy Branch, M.E.W., 28 July 1944, Notes on Economic Intelligence. FO 935/942.

[106] Mitcheson - M.E.W., 17 December 1943 despatch CC1754. FO 371/43450/N8035.

[107] Mitcheson - M.E.W., 18 December 1943 despatch CC1756, FO 837/903.

instigated an Anglo-American aide-mémoire, demanding that Sweden deduct 1943's excess 357,000 tons from 1944's quota, and that exports during the first six months be limited to 400,000 tons per quarter. The Swedes refused to impose further trade restrictions. Furthermore, they insisted that "trade with Germany" included exports to Hungary, France, the Low Countries, Poland, and Czechoslovakia. Under these criteria, Sweden's exports to Germany alone amounted to 498,373 tons below "normal trade" levels.[108] After some argument with Mallet, Boheman revised the definition of 'Germany' to include only the Reich, Czechoslovakia, Poland, and Danzig. He conceded that Sweden had exceeded 'normal trade' by 86,000 tons.

London was affronted by the Swedish excuse. Ten million tons had always been understood to be the ceiling for iron ore exports during Anglo-Swedish talks in previous years.[109] As a matter of principle, the Foreign Office and M.E.W. wanted Stockholm to admit that Sweden had exceeded this ceiling. However, the M.E.W. did not believe that the Swedes had acted in bad faith, or would deliberately attempt to contravene the tripartite agreement in the future. Publicly, both departments maintained that they were not disturbed by Sweden's behaviour. Dingle Foot informed the House of Commons on 25 January 1944 that

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[108] F.R.U.S., Vol. IV., 1944, pp. 462-5.

[109] M. Milne, M.E.W., 14 January 1944 minute, FO 837/907.

Sweden's commercial policy "is in our point of view very satisfactory,"[110] after the Express and Conservative M.P., Sir Archibald Southeby, alleged that Sweden flagrantly violated the War Trade Agreement. Between November 1943 and January 1944, the Swedes had been negotiating a new trade treaty with Berlin. The Germans initially attempted to use pressure, such as closing the Gothenburg traffic between 29 October and January, to force the Swedes to renege on their agreement with the Allies. When harsh tactics failed to induce the Swedes to grant additional credits for 1944, Berlin made generous offers of coal and military equipment. The Swedes refused to violate their agreement with the Allies, since Germany's declining military fortunes and developing commodity shortages gave a hollow ring to their threats and promises. By the time a new Swedish-German agreement was reached in January, the Germans settled for 7.5 million tons of iron ore and were grateful for any supply assurances from Sweden.[111] The M.E.W. believed that the outcome of these negotiations, rather than the 1943 export surplus was the true reflection of Sweden's attitude towards the Allies. Most officials assumed that the Swedes had either made a last minute bid

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[110] Hansard, Parliamentary Debates, 27 January 1944, 15th series, Vol. 396, pp. 525-6.

[111] Martin Fritz, German Steel and Swedish Iron Ore, (Gothenburg: Institute of Economic History, 1974), p. 122. Sven-Olof Olsson, German Coal and Swedish Fuel (Gothenburg Institute of Economic History, 1975), p. 175. Hägglöf, op. cit., pp. 268-75.

to stockpile German coal before the 1944 restrictions came into force, or that the 'administrative measures' had not been fully effective. G.H. Villiers, head of the neutral trade section of the M.E.W., summed up, "It seems difficult to credit the Swedes, who assuredly are not stupid, with such crass stupidity as to risk losing their oil and other basic rations, and incurring the wrath of the victorious Allies."[112]

However, American officials remained indignant over both the trade surplus and the Swedish reaction to the Allied notes. The War and Navy Departments insisted upon an oil embargo.[113] The Foreign Office "greatly deplored this new attack by the U.S. service departments" whose "cure" was "worse than the disease."[114] Although London agreed that there was "some cause for dissatisfaction", it did not wish to stop Sweden's oil imports, which were about to resume with the reopening of the Gothenburg traffic in mid-January. The Air Ministry was anxious to replenish Sweden's fuel stocks because B.O.A.C. was carrying increasingly larger volumes of ball bearings and passengers from Stockholm to Britain.

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[112]Villiers, 25 February 1944 minute, FO 837/907.

[113]Stimson (Secretary of War) - Perkins (Administrator, Foreign Economic Administration), 24 January 1944 letter, R.G. 165, OPD EXPORT (1-28-44).

[114]M.E.W. - Halifax, 19 January 1944 telegram 140 ARFAR, FO 837/908.

The State Department attempted to reconcile the British and the U.S. service departments by pressing the Foreign Office to issue an Anglo-American aide-mémoire demanding Sweden's public apology and unequivocal explanation of its behaviour, as well as definite assurances that exports between January and July would not exceed 2,000,000 tons.[115] Neither the British government nor Johnson believed that the proposed note should be issued. They argued that Sweden was under extreme duress from Germany and in no position to make a public gesture or cut exports to an extremely low figure. The Foreign Office agreed to deliver the note, but delayed its issue from late January until 17 March while making ostensible technical refinements to the text.

London grew even less interested in pressing Stockholm on the question of iron ore exports after Mark Turner, an economic intelligence specialist in the M.E.W., submitted a paper arguing that Swedish ore deliveries would be only marginally valuable to the German war effort during 1944:[116] The German steel industry lacked sufficient manganese to oxidise the molten ores, as a consequence of the Red Army's reconquest of the Nickopol mines in the Ukraine on 8 February 1944. Without adequate manganese, German steel production would decline from 1943's

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[115] F.R.U.S., Vol. IV, 1944, pp. 467-9.

[116] Turner, The Significance to the Enemy of Swedish Iron Ore, 1 March 1944, FO 837/907.

output of 35 million tons to 20-27 million tons during 1944.[117] As Swedish ores contributed towards approximately 10% of annual German steel output, Turner estimated that the Germans could achieve maximum output even if forced to rely only upon ores from Lorraine and Luxembourg. Moreover, these ores would be easier to haul to the Ruhr than imports from Sweden which were accumulating at north German ports due to transport bottlenecks and labour shortages. He acknowledged that Germany imported about 1 million tons of low-phosphorus ores, which required less refining than the high-phosphorus ores from Lorraine. However, Turner maintained that the loss of Swedish imports would be "more of an inconvenience than a disaster,"[118] since the manganese shortage, and the bottlenecks in the northern ports, had created surplus blast furnace capacity which could be used to process larger quantities of low-grade ores.

Many technical experts in the Neutral Trade and Enemy branches of the M.E.W. did not share Turner's views. Derrick Wood contended that Speer's reorganization of Germany's industries could enable the Germans to conserve their manganese stocks for nearly two years through careful factory procedure, and by substituting other metals as

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[117] However, Reichsminister Albert Speer estimated that it would be possible for Germany to conserve existing manganese stocks for 18 months. A. Speer, Inside the Third Reich (New York: Avon Books, 1971), p. 410.

[118] Turner, op. cit.

alloys. Wood also observed that the Germans had deverted additional shipping to speed up iron ore deliveries in late 1943.[119] Other officials argued that if Berlin did not value Swedish iron ore, it could re-employ the thousands of workers who were currently engaged in mining the Silesian coalfields and transporting the coal which was Germany's quid pro quo for the Swedish ore. Although the Germans would probably have experienced difficulty in meeting their own coal requirements during 1944, they offered to increase Sweden's coal quota if Stockholm would disregard the War Trade Agreement. Moreover, Swedish iron ore was preferred over Lorraine ores because it required less coal and coke to smelt.[120]

Foot and Villiers paid scant attention to these arguments. Villiers endorsed Turner's paper almost as soon as he received it. The paper shaped the M.E.W.'s attitude towards Swedish-German ore trade for the remainder of the war. Villiers informed the Foreign Office on 2 March, "our experts tell me that for the next twelve months Germany's steel production would not be affected in quantity or quality if no iron were received from Sweden at all."[121]

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[119]Wood, 25 January 1944, Germany's 1943 Swedish Ore Shipment Programme, FO 837/907.

[120]E. Radice, 26 January 1944 minute; G. Garstang, 5 February 1944 minute, FO 837/907.

[121]Villiers - F.K. Roberts (F.O.), 2 March 1944 letter, FO 837/907.

J.E. Galsworthy, of the Foreign Office, minuted that the M.E.W. was "no longer interested in iron ore...only keeping up with the Americans for the sake of the united front... certainly seems to be academic now."[122] Villiers believed Turner's conclusions might persuade the Americans to adopt a less bellicose attitude towards Sweden. He minuted on 3 March, "The implications of this paper are obvious," and despatched several copies to the British Embassy in Washington with instructions to "see that it falls under the right eyes" in the U.S. government.[123]

Turner's paper, however, failed to produce the reaction which Villiers expected from American officials, who continued to maintain that Swedish exports could still materially prolong the war. At Washington's insistence, Mallet and Johnson delivered the aide-mémoire to Günther on 17 March. Günther replied, on 6 April, that Sweden had observed the tripartite agreement "on all essential points", and asserted that the volume of exports might have been higher in late 1943 if the 'administrative measures' had not been taken.[124]

London hoped that the negative response to the aide-mémoire would dissuade the Americans from mounting

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[122] Galsworthy, 13 March 1944 minute, FO 371/43450/ N1709.

[123] Villiers, 3 March 1944 minute, FO 837/907.

[124] F.R.U.S., Vol. IV, 1944, pp. 491-2; Cordell Hull, Memoirs, Vol. II (London: Hodder & Stoughton, 1948), p. 1347.

further pressure over what had become an unimportant issue. The State Department, having taken account of the British opinions and Johnson's reservations about the note, did not initiate any new protests over 1943's exports. However Patterson responded unilaterally by impounding 4,000 tons of 'Navy Special' aviation fuel which were being loaded on a Swedish tanker in the Caribbean.[125] The Air Ministry and the R.A.F. delegation in Washington were surprised by this sudden action. The Washington J.S.C. had received a Swedish request for this special oil shipment in February without informing the British. Consequently, London had been unable to prepare a brief in support of the Swedish request. The Air Ministry feared that the sanction threatened B.O.A.C. service to Sweden. Patterson responded to initial British representations by asserting that the American air forces were experiencing a serious fuel shortage. However, the R.A.F. delegation discovered that current production of 'Navy Special' at Tampico, Mexico would exceed military demand and storage capacity for the following three months. Air Marshal Sir William Welsh confronted Patterson with this evidence, and Patterson reluctantly admitted that he had ordered the oil embargo to punish Sweden for its misdeeds.[126] British representa-

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[125]Patterson - U.S. Munitions Assignment Board, 5 April 1944 memorandum, FO 115/4028.

[126]Air Marshal Sir William Welsh - Air Ministry, 19 April 1944 telegram MARCUS 3067, FO 115/4028; J. Dent (British Embassy) - Air Commodore Lyford (R.A.F. Delegation), FO 115/4028.

tions to the State Department and other authorities compelled Patterson to rescind his order on 18 April, and the oil was finally shipped to Sweden in early May.

The brief oil embargo did not create any serious repercussions in Allied-Swedish relations. However, it underlined Patterson's power to determine Allied policy towards Sweden. The M.E.W. would continue to fear that future British dealings with Sweden would be complicated by similar unilateral actions.

SUMMARY

This Chapter has examined how British policy towards Sweden evolved out of a 'holding action' to contain German influence into a campaign to reduce Sweden's assistance to Germany. In 1942, London intended to exploit Sweden's desire for western imports as a means of goading Sweden to resist German pressure. The British only sought to obtain a Swedish agreement not to increase the volume of German military transits above current levels, and to give clearance to the Dicto and Lionel. U.S. control over supplies obliged London to support American proposals to reduce drastically Swedish exports to Germany. By autumn 1943, most of Britain's long-standing differences with Sweden had been resolved, and British officials became more 'understanding' towards the Swedes. Although the British would seek further curtailment of such critical elements of Swedish-German trade as ball bearings in 1944, they were willing to allow a substantial proportion of this

trade. The American service departments, on the other hand, believed that this trade was prolonging the war, and that its continuance symbolized Sweden's mercenary attitude towards the war. By late 1944, Washington imposed an embargo on Sweden to force the cessation of what remained of this trade. Britain formally protested this action and refused to support further sanctions against Sweden.

The climax and conclusion of the Allies' campaign against Swedish-German trade during 1944 will be dealt with in Chapter Five. It is now necessary to examine what issues outside the realm of economic warfare figured in Anglo-Swedish relations between 1941 and 1944 and establish their significance to Britain's overall policy towards Sweden. Chapter Three will determine to what extent military strategy influenced London's attitude towards Sweden. Chapter Four will consider Sweden's place in British plans for the postwar order.

CHAPTER THREE

GRAND STRATEGY, SPITFIRES, DECEPTIONS AND SWEDEN 1941-1944

British officials' attention and energies were devoted increasingly to economic warfare when dealing with Sweden during 1943 and 1944. However unlike many of their American counterparts, they were not concerned exclusively with Swedish exports to Germany. Prior to the United States' entry into the war, much of Britain's policy towards Sweden had been directed towards enhancing British influence in Sweden and to developing a closer liaison between the British and Swedish armed services. This political/military dimension remained in Anglo-Swedish relations after the Western Allies' joint policy towards Sweden became dominated by a single issue.

SWEDEN IN BRITISH STRATEGY 1941-43

The possibility of bringing Sweden into the war was raised first in 1941, in connexion with proposals to liberate northern Norway. The Chiefs of Staff believed that an invasion of Norway was not feasible without Swedish assistance. Norway's mountainous coastline, extreme climate, sinuous fjords, and rough offshore seas deprived the British of suitable landing beaches while protecting the German garrisons. To retake Norway, the British

invasion force would have to be large, highly specialized, and well supported by naval and air covering forces. Swedish intervention would diminish these obstacles. The Swedish Army could enable British troops to disembark in Norway with relative safety by capturing ports such as Trondheim prior to an Allied invasion.[1] Without Swedish help, the Allies would have to conduct difficult and costly landings on the Norwegian coast, and trek overland to reach major centres or expose their ships to air attack while navigating the fjords. However, the C.O.S. and Foreign Office treated the question of possible Swedish collaboration as hypothetical. As the Swedes had failed in intervene in Finland or Norway in 1940, it seemed unlikely that they would act against the Germans unless attacked by Germany.

In spite of their reservations, the Chiefs were obliged to reconsider renewing hostilities in Norway during the autumn of 1941. On 18 July, Stalin urged Churchill to open a second front in France or Norway to divert German attention from the Russian front.[2] Churchill replied two days later that Britain lacked sufficient troops or landing craft to invade either country, but added that the Royal Navy planned a number of raids along

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[1] J.H.A. Gwyer, Grand Strategy, Vol. III (Part I) (London: H.M.S.O., 1964), p. 204.

[2] W.S. Churchill, The Second World War, Vol. III: The Grand Alliance (New York: Houghton Mifflin, 1950, Bantam, 1962), pp. 324-5.

the Norwegian coast during the autumn. The Prime Minister subsequently reconsidered and concluded that an operation in northern Norway was feasible and could benefit the Allies profoundly if prosecuted successfully. In his memoirs, he maintained that "the Germans had got these vital points by the North Cape very cheaply. They might also be regained at a small cost compared with the scale which the war had now attained."[3] An invasion of northern Norway was a preferable alternative to a costly frontal assault in France because the Norwegian mountains would hinder the reinforcement of German garrisons before Allied troops captured key positions. Furthermore, Allied occupation of the North Cape would secure the Arctic convoys from air and submarine attacks. He also asserted that "we could begin to roll the map of Hitler's Europe down from the top."[4]

When German forces appeared to be advancing on Murmansk in August 1941, Churchill pressed the Chiefs to despatch a force of four divisions to northern Norway during January or February 1942. He maintained that winter darkness and poor weather would prevent the Germans from exploiting their air superiority in Norway. The C.O.S. responded that the winter conditons would hinder the British invaders far more than the German defenders.

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[3]W.S. Churchill, The Second World War, Vol. IV: The Hinge of Fate (New York: Houghton Mifflin, 1950, Bantam, 1962), p. 282.

[4]Ibid., p. 304.

Winter storms prevented landings on the Norwegian coast. British carrier aircraft, which would have to support landing forces, were numerically and operationally inferior to the Luftwaffe's fighters in Norway which were equipped for winter flying. Moreover, only three brigades and one mountain regiment could be spared from other more urgent duties. These units would not be up to their established strength until the spring of 1942.[5]

Boheman's unofficial approach for British military assistance in October 1941[6] prompted the C.O.S. to reconsider their conclusions about a Norwegian campaign. They were aware that the Swedish General Staff had developed contingency plans for occupying Trondheim to establish a supply route to the West if the Germans attacked Sweden. The Chiefs briefly contemplated an operation in which two Swedish divisions would advance on Trondheim in a pincer movement to block German reinforcements from northern and southern Norway. Two British brigade groups would land on the Norwegian coast and join the northern Swedish division. The combined Anglo-Swedish force would capture Trondheim and prepare the port to receive troops and materiel.[7] However, the vagueness of Boheman's subsequent talks with Mallet and his refusal

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[5]Gwyer, op. cit., p. 204.

[6]Chapter One.

[7]Ibid., p. 205.

to divulge details of Sweden's staff plans presented no opening for more substantial discussions between Swedish and British officials. Furthermore, he had acted without the knowledge of the Swedish Cabinet, many of whom staunchly opposed close liaison with London for fear of provoking Germany. Without prior staff discussions, London could not coordinate preparations with Stockholm until the Germans had invaded Sweden and reinforced their positions in Norway to prevent the British from supporting the Swedes.[8] Churchill continued to maintain that "the attitude of Sweden would be powerfully affected" by a British landing in Norway but conceded that Britain lacked sufficient resources to mount such an operation.[9] He would lobby for a Norwegian campaign when the American service chiefs were contemplating an invasion of France in 1942. These proposals received little serious attention from the British Chiefs, and Churchill relented after the Americans agreed to landings in French North Africa as an alternative to an early second front.

GREAT BRITAIN AND THE SWEDISH AIR FORCE 1941-43

Although London did not expect Sweden to intervene voluntarily in the war, the Foreign Office encouraged closer contacts between the British and Swedish services.

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[8] Ibid., p. 206.

[9] Churchill, Vol. III. op. cit., p. 392.

Recurrent Swedish anxieties over possible German reprisals were a major impediment to Allied policy towards Sweden. Nutting and other officials were exasperated by the Swedish government's tendency to "create the atmosphere of impending crisis which the Swedes love to do given the slightest opportunity."[10] London furnished supplies to bolster Swedish confidence in their defences. During 1943 and 1944, the Foreign Office endeavoured to goad the Swedes into admitting that a German invasion was highly improbable and that their defences were adequate.[11] Shortly after Allied pressure had overcome Stockholm's reluctance to allow the Dicto and Lionel to leave Gothenburg in early 1943, the Ministry of Information introduced a propaganda programme to convince the Swedes that they could resist a German invasion.[12] The M.O.I.

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[10] A. Nutting, 20 January 1943 minute, FO 371/37072/N415.

[11] In June 1942, the British military attaché in Stockholm concluded that Sweden could be conquered in two weeks, but only if the Germans deployed more than 12 divisions, heavily supported by air forces, which was unlikely as long as the U.S.S.R. remained in the war. Sweden's 650,000 man army and 85,000 man militia and Home Guard formations could continue guerilla resistance indefinitely.
Col. Sutton-Pratt to War Office, enclosed Mallet - F.O., 2 June 1942 telegram 408, CAB 120/694.
By late 1943, the Chiefs of Staff concluded that the Germans would have to divert 20-30 divisions from other fronts in order to overrun Sweden rapidly.
Brigadier L.C. Hollis, Secretary, Chiefs of Staff Committee to C.F.A. Warner, 19 September 1943 minute, FO 371/37098/N254.

[12] Ministry of Information, Paper No. 120, Overseas Planning Committee: Plan of Propaganda to Sweden, 25 February 1943, FO 371/37075/N1109.

directed radio and printed media to congratulate the Swedes for rearming, to praise the quality of Swedish weapons such as the Bofors gun, and to make flattering references to the military skills of Swedes "past and present." British officials were advised to inject similar comments into formal and unofficial conversations with Swedes. It also proposed a scheme to exchange army, navy, and air force training films with the Swedes to stimulate correspondence between the British and Swedish services.

The British legation enjoyed cordial relations with the Swedish Air Force. Unlike its sister services, the Swedish Air Force was openly sympathetic to the Allies. This was largely because of the attitudes of Generals Friis and Nordinskiöld, who were responsible for its reorganization and expansion in the late 1930's and early 1940's. Nordinskiöld, who succeeded Friis as Commander-in-Chief in 1943, admired the Royal Air Force and modelled the Swedish Air Force's training and discipline after it.[13] Nordinskiöld's outlook ingratiated him with the British legation, who enthusiastically sought to accommodate his requests for more information about the R.A.F.'s organization and procedures. Mallet described Nordinskiöld as "a man of the highest character and a burning sense of

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[13]Group Captain R.S. Maycock, 13 September 1943 memorandum enclosed in Mallet to Eden, despatch 522, 19 October 1943, FO 371/37072/N6120.

right and wrong...he remained our best friend in the Swedish armed services throughout the war."[14]

The Air Force was the weakest Swedish service. It was formed from the Army's and Navy's air arms in 1926, but the Swedish government's commitment to the League of Nations and disarmament forced it to remain a small force of four squadrons equipped with obsolete aircraft such as the Nieuport 23. The Swedish government took tentative steps to expand the Air Force, along with the other services, when war became more imminent in the late 1930's. Sweden had a small aircraft industry: the Swedish Air Board's workshops at Bromma airport, near Stockholm, and a private firm, Svenska Aeroplan Aktiebolaget (SAAB), which was founded in 1936. Because of small productive capacity and limited experience, Sweden's aircraft factories produced foreign aircraft under licence, such as the Junkers JU-86 bomber and the Northrop 8A-1 reconnaissance bomber.[15] They would also manufacture Swedish designed dive bombers, such as the SAAB-17, and the J-21 and J-22 fighters by the middle of the war. Most of these aircraft were designed before the war and were powered by heavy and slow engines patterned after obsolescent American models. In 1939, the Swedish Air Force

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[14]Sir Victor Mallet, unpublished manuscript, Churchill College Library, Cambridge, pp. 115-6.

[15]Paul A. Thompson,"Flygvapnet is Fifty: The Swedish Air Force in its Jubilee Year Surveyed," Air Pictorial, August 1976, Vol. 38, No. 8, p. 229.

consisted of 12 squadrons equipped with 140 aircraft of which only 50 bombers and 30 fighters were suitable for combat.[16] Stockholm sought to overcome this deficiency by acquiring 55 Gloster Gladiator bi-plane fighters from Britain in early 1940, and 150 Caprioni bombers and Fiat fighters from Italy in 1941.[17]

The British Air Staff was aware of the Swedish Air Force's difficulties and disposition towards the Allies when it received two emissaries with a secret message from Nordenskiöld in November 1941. Besides enumerating the Air Force's shortages in aircraft, parts, and fuel, Nordenskiöld offered to furnish aerodromes to the R.A.F. in the event of a German invasion of Sweden, and asked how many squadrons could be despatched.[18] During their meeting with Air Vice Marshal Dickson, the Air Staff's director of plans, Colonels Hägglöf and Ljungdahl also proposed that Swedish pilots could receive training in Britain. They stressed that Nordenskiöld was anxious to obtain a concrete British assurance of support or an offer to sell fighter aircraft to Sweden so that he could persuade Edvin Sköld, Sweden's

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[16]Börje Furtenbach, "Sweden during the Second World War: Armament and Preparedness," Revue Internationale d'Histoire Militaire, pp. 74-93, 1967, No. 26 (Vol. VII), pp. 75-81.

[17]Ulf Olsson, The Creation of a Modern Arms Industry 1939-1974 (Gothenburg: Institute of Economic History, Gothenburg University, 1977), pp. 51-52.
Ministry of Economic Warfare, Summary of Economic Developments No. 119, 29 December 1941, FO 935/75/L./612.

[18]Air Commodore Dickson, record of interview with Colonels Hägglöf and Ljungdahl, 1 November 1941, FO 371/29700/N6286.

Defence minister, to agree to hold discussions between the British and Swedish air staffs. They also implored Dickson to be discreet about Nordinskiöld's offer, since the Defence Ministry and the Army and Navy had to endorse his request for materiel but were unaware of his offer of aerodromes.[19]

Air Chief Marshal Portal and the other Chiefs of Staff were willing to encourage Nordinskiöld: "The small countries have usually refused any military collaboration with us and then when they are threatened their cry for help comes too late...Moreover we might obtain considerable benefits from secret discussions with Sweden."[20] The air staff was in favour of training Swedish pilots, increasing Sweden's oil ration, and persuading the U.S. Government to release a number of Vultee fighters that Sweden had purchased in 1940 but had been impounded by Presidential order after the fall of Norway.[21] The Foreign Office was less sanguine about the Swedish approach than was the Air Staff. Warner intimated that the Swedish government might have dispatched the Colonels to London to cultivate British sympathy prior to trade negotiations between Marcus Wallenburg and the M.E.W. which were about to begin during

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[19] Ibid.

[20] Col. Hollis to Cadogan, 4 November 1941 letter, FO 371/29700/N6286.

[21] Ibid.
Hollis - Churchill, 16 November 1941 minute 133, CAB 120/694.

the following month.[22] Cadogan advised the Chiefs of Staff to be cautious and avoid making commitments to the Swedish Colonels since Nordinskiöld's offer lacked official support and probably did not reflect the outlook of the Swedish government or of Nordinskiöld's military and naval colleagues. It was unlikely that Stockholm would agree to staff talks since "the present government...from its behaviour in the matter of the Norwegian ships and operation Performance seems to be insidiously heading for appeasement."[23] Moreover, staff discussions which excluded the Swedish Army and Navy would be of little value. The Air Force was weak, and the Army would be the only Swedish service to play an important role in Norway. However, Eden believed that "the Swedes shouldn't be turned down flat," but should be told that assistance would be conditional upon "what Sweden can do for Britain."[24] Cadogan therefore suggested that the Chiefs attempt to sustain Nordinskiöld's interest by offering to intercede in Washington on the Swedish Air Force's behalf, and to tell the Colonels that London would expedite shipments of oil, rubber, and other 'strategic' materials.

Nordinskiöld did not pursue this initial approach with subsequent contacts with London after Hägglöf and

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[22]Warner, 3 November 1941 minute, FO 371/31083/N6286.

[23]Cadogan - Hollis, 12 November 1941 letter, FO 371/29700/N6286.

[24]Eden, 8 November 1941 minute, FO 371/29700/N6572.

Ljungdahl returned to Sweden. It appears that the British government did not consider collaboration between the British and Swedish air forces seriously until the question was revived in the spring of 1943. British and U.S. service attachés periodically attempted to persuade Swedish officers to divulge details of Sweden's staff plans. Some junior officers occasionally gave the attachés elaborate descriptions of Sweden's shortages of modern aircraft. A Swedish naval staff officer told Commander W.L. Heiberg, U.S.N., in early February 1942, that Sweden would require 500 fighters and 500 bombers in the event of a German invasion.[25] He admitted that the figure was exaggerated but contended that half that number would be inadequate. Hershell Johnson concluded that the Swedish figures were "meaningless without some information as to the practical use the Swedes would make of them...and other information which is now held in secrecy by the Swedes and which could only be obtained from them."[26]

Nordenskiöld revived his earlier approach to the British in earnest by offering the R.A.F. Swedish facilities in the spring of 1943. On 8 April, Air Vice Marshal Charles Medhurst, the Assistant Chief of Air Staff (Plans) interviewed Major Cervell, the newly appointed Swedish air attaché to Britain, and Nordenskiöld's emissary.

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[25] Foreign Relations of the United States, 1942, Vol. III, pp. 331-2.

[26] Ibid., pp. 344-5.

Cervell first stressed that his conversation with Medhurst was not intended to initiate formal discussions between the British and Swedish staffs, but rather would lead instead to personal discussions between the British Air Staff and Nordenskiöld, who had become Commander-in-Chief designate of the Swedish Air Force. The air attaché stated that his superior hoped that Britain might provide fifteen fighter squadrons at the outbreak of hostilities between Germany and Sweden, and possibly some bomber squadrons at a later date. Cervell had instructions to disclose Sweden's air defence plans, all details pertaining to the Swedish Air Force's secret air bases, and mobilization procedures, provided the British were prepared to consider seriously a plan of assistance to Sweden.[27]

Medhurst had been instructed by the Foreign Office to interview Major Cervell to merely ascertain the content of Nordenskiöld's message. The Air Ministry, however, was in favour of making further contacts with the Swedish Air Force. Medhurst informed the Foreign Office that "our feeling in the Air Ministry is that there would be little harm in developing conversations without committing us definitely in any way...to assist Sweden if she were attacked by Germany."[28] For the purpose of negotiating with the Swedes, Medhurst believed that the British should prepare a rough plan for despatching aircraft to Sweden.

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[27]Air Vice Marshal C.E.H. Medhurst to Warner, 10 April 1943 letter, FO 371/37098/N2179.

[28]Ibid.

He stated that there would be a large number of American fighters based in Britain when the United States' Eighth Air Force was brought up to strength by autumn 1943, and suggested that some of these could be diverted to Sweden. Medhurst felt that it was unnecessary to include the Americans in the discussions with the Swedes as

> ...the assumptions we could make would be on the basis of a given number of squadrons of unspecified nationality to fit into Sweden's general plan of defence. Once we have reached agreement on some such outline plan, we might then consider discussing with General Andrews [U.S. Army Air Corps] what arrangements, if any, he might be prepared to make to assist Sweden.[29]

The Foreign Office was sceptical of the intentions behind Nordenskiöld's message. Warner observed that the timing of Nordenskiöld's current approach was "curiously similar" to the one of November 1941 in that his first message was issued on the eve of Anglo-Swedish import quota negotiations, and the latter just before the British and United States governments were about to enter negotiations for a new war trade agreement with Sweden.[30] William Cavendish-Bentinck, political advisor to the Foreign Office suspected that the Swedes were attempting to "curry favour with us" so that the Chiefs of Staff would support Swedish requests for generous import quotas:

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[29] Ibid. W. Cavendish-Bentinck minuted on 14 April 1943 that "we shall end by having more fighter aircraft in this country than we shall know what to do with." FO 371/37098/N2179.

[30] Warner, 12 April 1943 minute, FO 371/37098/N2179.

> I have a feeling that Major Cervell is on a fishing expedition rather like the Swedish Director of Combined Intelligence, Commodore Landquist, who recently visited this country, and that, whilst we may get a little information out of the Swedes regarding their plans for defense, secret aerodromes, etc., they will not go any further.[31]

The Foreign Office did not believe there was any real prospect of Germany attacking Sweden except in the event of an Allied invasion of Norway. Cavendish-Bentinck doubted if Germany even possessed the resources to attack Sweden in the latter eventuality. However, Warner also conceded that the Swedes were gradually becoming more resistant to Germany's economic and political demands, and less prone to "always interpret their neutral obligations in favour of the Germans and to our detrement."[32] Tentative conversations with Swedish Air Force officials might help to cultivate better relations with Stockholm and could conceivably lead to some sort of liaison with the Swedish armed services.

The Foreign Office therefore approved of continued discussions between Medhurst and Cervell on a strictly personal and informal basis. Medhurst was advised not to

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[31]Cavendish-Bentinck minute, op. cit. Commodore Landquist had a congenial discussion with members of the Admiralty during his visit to London in February 1943, but he had not disclosed any information of strategic importance.

[32]Warner, 12 April 1943 minute, op. cit.

disclose any substantial information to the Swedish officer, as it could possibly be leaked to Germany, even though London had received favourable accounts of General Nordenskiöld.[33] The Foreign Office instructed Medhurst to inform Cervell that the British were willing to enter into detailed discussions with the Swedes if they turned over their general plan of strategy and not just the Air Force's plans. Warner told Medhurst that

> it would be interesting to get confirmation to our conjecture that the reason for the nature of this approach is that the Swedish government and the Swedish military and naval staffs would still not be ready for staff conversations with us.[34]

The Foreign Office also believed that the Americans and Russians should not be informed, at least during the initial stages of any discussions which might take place between the Air Staff and the Swedes, as both parties would probably seek representation in the talks which would "frighten the Swedes off altogether."[35]

During his conversations with Medhurst in late April and early May 1943, Cervell disclosed the Swedish Air Force's defence plan, along with a very brief outline of an overall plan for all three armed services. Major

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[33]Warner to Medhurst, 18 April 1943 letter FO 371/37098/N2179.

[34]Ibid.

[35]Sir O.G. Sargent, 14 April 1943 minute; A. Eden, 17 April 1943 note, FO 371/37098/N2179.

Cervell was unable to report to General Nordenskiöld immediately because the Swedish airline service to Britain was suspended temporarily after a Swedish civil airliner had been attacked by the Luftwaffe over Norway in May. He did not telegraph his report to Nordenskiöld for fear that other Swedes, and the Germans, might discover the nature of his mission in London.[36] The Swedish Air Force chief did not learn of the British attitude towards his proposal until Cervell returned to Stockholm on a special British courier flight in mid-summer.

Cervell's inconclusive mission did not dampen Nordinskiöld's desire to obtain Allied aircraft. General Nordinskiöld approached Sköld and insisted that it would be impossible to defend southern Sweden without a large force of modern fighter aircraft. Nordenskiöld stressed that the Germans might be prompted to attack Sweden in order to obtain additional locations to base fighter squadrons for use against Allied bombing raids on northern Germany.[37] As the British appeared reluctant to commit R.A.F. squadrons to Sweden without some form of official collaboration between the Swedish and British defense authorities, Sköld instructed Nordenskiöld to ascertain if London would be

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[36]A. Nutting to Warner, 24 May 1943 minute, FO 371/37098/N2179.

[37]Air Vice Marshal D. Colyer (Assistant Chief of Air Staff) to Air Chief Marshal Sir C. Portal (Chief of Air Staff), 18 September 1943 memorandum of meeting with Major Cervell. FO 371/37098/N5564.

prepared to supply fighters to Sweden on a strictly commercial basis.

Major Cervell returned to London and visited Air Vice Marshal Colyer, Medhurst's successor as Assistant Chief of Air Staff for plans on 18 September 1943. The Major informed Colyer that he was instructed to negotiate the purchase of two hundred Spitfires by Sweden. He stated that the Swedish Air Force sought the latest model of Spitfires and would definitely not consider accepting inferior aircraft such as Hurricanes or older Spitfires.[38] Although weather would not permit the delivery of a large number of fighters to Sweden before March 1944, the Swedes wanted to receive a few samples as soon as possible in order to familiarize pilots and ground crew with the operation and maintenance of the aircraft. Cervell informed Colyer that Sweden only had sufficient 100-octane fuel to operate 200 Spitfires under combat conditions for a fortnight, but as a result of the recently negotiated Anglo-American-Swedish war trade agreement, Sweden was receiving large shipments of 87-octane which the Swedes might use for training purposes. As in the case of his previous visit to London, Cervell's approach was unofficial. Nordenskiöld and Sköld did not consult their government before he was despatched to Britain. Cervell insisted that Sweden was becoming more resistant to German pressure, and intimated that the Swedes might terminate their iron ore

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[38] Ibid.

exports to Germany if they felt sufficiently secure against a German attack.[39] Before departing, Cervell also told Colyer that the Swedish Air Force believed that the United States and Britain were the only two possible sources for large numbers of fighters, and in Colyer's words, "they infinitely preferred to buy them from us."[40] Colyer replied that he would consult other military and civil officials to establish whether Britain could accommodate the Swedish request but warned the Swede that owing to Allied operational requirements, two hundred Spitfires could not be made "available at once off-the-peg."[41]

Cervell's request prompted Air Chief Marshal Sir Charles Portal, the Chief of Air Staff, to consider using Spitfires as a bargaining counter in future economic and political negotiations with Stockholm. Portal instructed Colyer to ascertain whether the Foreign Office would be willing to offer Spitfires in return for the cessation of Swedish ore exports to Germany. The Foreign Office replied that Cervell's claim that Sweden might refuse to export iron ore to Germany seemed highly improbable since Sweden's imports of German coal was of considerably more value to

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[39] Ibid.

[40] A. Nutting, 19 September 1943 minute of conversation between Colyer and Warner. FO 371/37095/N5564.

[41] Colyer to Portal, op. cit.

the Swedes than anything they could obtain from the Allies.[42] Moreover, it would be difficult to supply Sweden with an adequate volume of aviation fuel to operate Spitfires. London expected that the Germans would close the Gothenburg traffic during the autumn of 1943, in anticipation of another blockade running attempt, or in retaliation for Sweden's economic concessions to the Allies, which were to take effect on 1, October. Unless the Allies were to establish a direct link with Sweden through Norway, whose liberation was not imminent, the Allies would have to deliver oil to the Swedes by air or by clandestine fast motor boat. Both methods would be highly difficult and dangerous undertakings, but the Foreign Office suggested that Colyer consult the Admiralty regarding their feasibility.[43]

Colyer believed that Nordinskiöld's approach was intended to "draw us out a bit more" in order to determine if "it would be worthwhile" asking the Swedish cabinet, army, and navy to disclose Sweden's overall defence plans to the Allies. In Colyer's opinion, General Nordenskiöld would drop the matter if the British flatly refused to consider selling aircraft to Sweden.[44] The Foreign Office agreed that the Swedish Air Force should

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[42]Warner to Colyer, 23 September 1943 letter. FO 371/37098/N5564.

[43]Ibid.

[44]Nutting, op. cit.

must be entirely discouraged from believing that it could obtain Spitfires. Although there appeared to be little prospect of gaining substantial concessions from the Swedes immediately, "there are presumably various ways in which the Swedes could help us operationally which might be worth the bargain."[45] Even if the Swedes refused to strike such a bargain with the British, the Foreign Office suggested that the Air Ministry should inform them that it would, in principle, supply Sweden with aircraft if the Swedes were prepared to enter into staff discussions.

> Our aim should be to draw the Swedes into discussions which might lead to their eventually agreeing to come in on the side of the Allies, or at least to provide us with all the operational facilities we may require, regardless of their obligations of neutrality towards Germany.[46]

Colyer and the Foreign Office agreed that the Chiefs of Staff Committee should be consulted before further action was taken on this issue, in order to determine if Britain could afford to give aircraft to a neutral country, and to establish what advantages could be gained from such a transaction.

Before the British government was able to devise a policy on supplying fighters to Sweden, an untimely interview between Sir Archibald Sinclair, the Secretary of State for Air, and Björn Prytz, the Swedish minister to

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[45] Warner to Colyer, op. cit.

[46] Ibid.

Britain, and Major Cervell, on 24 September appeared to close the door to any further Anglo-Swedish negotiations. Sinclair had forgotten a cabinet ruling which obliged him to obtain Foreign Office approval before agreeing to receive foreign delegations and, consequently, he was unaware of what had already transpired between Cervell and the British Air Staff, and did not know that the Foreign Office favoured using Spitfires as a bargaining ploy with the Swedes.[47] Prytz presented Sinclair with a request for 200 Spitfire IX's, and suggested that through accommodating this request, Britain could establish a leading position in the Swedish aircraft market.[48] Major Cervell added that the Swedish air staff did not insist upon obtaining the most modern fighter, the Spitfire XIII, but would be "quite content with the Spitfire IX," which was the Royal Air Force's standard fighter at the time.[49] Sinclair replied that while he personally favoured the "greatest possible flow of trade between Sweden and this country, I could in the meantime only regard Spitfires as weapons of

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[47]Sir A. Sinclair to A. Eden (Foreign Secretary), 24 September 1943 Secret letter, FO 371/37098/N5566. Eden later minuted, on 26 September 1943, "Clearly there was no harm in this - I am only glad demand was made of Sir A.S. and not of me!"

[48]Sinclair to Eden, op. cit.

[49]Sinclair later informed the Foreign Office that he did not tell Cervell that no more than two Fighter Command Squadrons would ever be equipped with Type XIII Spitfires. Colyer to Warner, 26 October 1943 letter, FO 371/37133/N6228.

war against Germany."[50] He explained that the Spitfire IX had become the "backbone of the Fighter Command squadrons," and that Britain could not afford to divert any of these aircraft from combat purposes.[51] The Air Minister added, however, that production of these aircraft might increase by the time that "there was any such change in the policy of the Swedish government as would make it possible to consider the supply of modern types of aircraft to Sweden."[52] Prytz explained that the Swedish air staff was anxious to obtain modern fighters because it feared that the Germans might move against Sweden in the near future. Sinclair agreed that this contingency was possible but in such an eventuality, Prytz would have to discuss the Spitfire question with Foreign Secretary Anthony Eden rather than the Air Ministry. Prytz accepted Sinclair's argument and withdrew the request for 200 Spitfire IX's.

When the Northern Department received a brief summary of Sinclair's conversation with Prytz and Cervell, it concluded that the Air Minister had firmly rejected the Swedes' proposal.[53] The Foreign Office informed Colyer, who did not know what had transpired during the discussion.

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[50]Sinclair to Eden, op. cit.

[51]Colyer to Warner, op. cit.

[52]Ibid.

[53]"It was a pity that the Air Minister turned Cervell down flat," Warner, 25 September 1943 minute, FO 371/37098/5566.

Colyer assumed from Sinclair's letter that "the door had been slammed on the Swedes," and informed Major Cervell on 28 September that the "Spitfire deal was off," and that any further Swedish approaches would have to be made to the Foreign Office on a government to government basis.[54]

The initial reaction in the Foreign Office to Sinclair's and Colyer's discussions with the Swedes was summed up by E.O. Cote of the Northern Department: "The Air Ministry seems to have made a complete muddle of this."[55] By mid-October however, the Air Ministry's position became clearer when the Foreign Office received a more complete record of Sir Archibald's remarks which indicated that he had not completely spurned the Swedes, but had merely attached more formal conditions to any transaction which the Swedes might wish to make in the future. Warner minuted, "if this is a correct account of what passed, it would seem that we are keeping the Swedes satisfactorily in play."[56] The Air Minister had "rammed home to the Swedes" that London was prepared in principle to sell Spitfires to Sweden provided that the Swedish government formally requested the British government for aircraft, and that Sweden was prepared to become a belligerent or give

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[54]A. Nutting, Minute of conversation with Colyer, 16 October 1943, FO 371/37133/N6228.

[55]E.O. Cote, 10 October 1943 minute, FO 371/37098/5566.

[56]Warner to Colyer, 21 October 1943 letter, FO 371/37133/N6228.

significant military concessions to the Allies.[57] Major Cervell evidently had not been totally discouraged by his previous discussions for he made further visits to the Air Ministry to enquire if Britain would provide a smaller number of aircraft than the 200 he had originally requested.[58]

In November, the Swedish air attaché also informed the Air Ministry that he intended to discuss Sweden's aircraft requirements with the United States air attaché in London. The Foreign Office instructed the British embassy in Washington on 28 October to advise the Americans to employ similar tactics to those used by the British if approached by the Swedes. Some British officials feared that Colonel Turner, the U.S. air attaché, might strongly endorse a Swedish request for fighters. He was half Swedish and had recently spent more than a month in Stockholm, where he had probably discussed the question with General Nordenskiöld.[59] Therefore, Air Commodore Beaumont, a liaison officer at the Air Ministry, spoke with Turner on 15 November to explain Britain's current policy towards the Swedish Air Force. Beaumont later told Major Cervell that he had emphasized Britain's position to the U.S. Air

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[57]Nutting, 16 October 1943, op. cit.

[58]Warner, 17 November 1943 minute, FO 371/37133/7662.

[59]Colyer to Warner, 16 November 1943 letter, FO 371/37133/7668.

attaché but that the Air Ministry had no objection to Swedes discussing the question with American authorities.[60] In late November, the Foreign Office was satisfied to learn that the State Department and U.S. Joint Chiefs of Staff had agreed to give evasive answers to Swedish enquiries concerning aircraft.[61] Nutting was confident that Washington's concurrence would ensure a coordinated policy between the two governments on this question, and would prevent the Americans from promising fighters to the Swedes before London had determined what, if any, concessions it wanted from Sweden in return.[62]

MOSCOW AND TEHERAN: BASES IN SWEDEN?

The Foreign Office regarded the vague prospect of Spitfires as an inducement for future concessions from Stockholm. But London could not establish an appropriate quid pro quo for the aircraft. The Soviets would suggest a strategic role for Sweden which the British had not envisaged. The Russian proposal was considered unrealistic but it would spur London into examining other useful contributions which Sweden might furnish to the Allied war effort.

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[60]Air Commodore F. Beaumont to Air Vice Marshal Colyer, 15, November 1943, FO 371/37133/7662.

[61]State Department to British mbassy, Washington, 23 November 1943 memorandum 858.248195, FO 115/3568. Foreign Office to British embassy, 28 November 1943 telegram 7968, FO 115/3568.

[62]Nutting, 27 November 1943 minute, FO 371/37133/7662.

During the first meeting of the Moscow Foreign Ministers Conference on 19 October 1943, Molotov obliquely proposed that Swedish assistance might shorten the war. Stalin added substance to Molotov's remark in a meeting with Eden two nights later. He alluded to Portugal's recent agreement to grant Britain air bases in the Azores to attack U-boats as an example of what the Allies could gain from neutrals if they applied sufficient pressure. He suggested that Britain should press Sweden for similar facilities for bombing Germany, exclaiming that, "We shed our blood while Sweden got rich. Was that just?"[63] Stalin contended that Sweden was not endangered by Germany and suggested that Washington threaten to blockade Sweden if Swedish compliance was not forthcoming. Eden replied that Sweden was already blockaded, and that the supplies which it received from the West were specific quid pro quos for 'services rendered', such as reduced trade with Germany. When the Swedish question was discussed later between the three Allied foreign ministers, Eden informed Molotov that Swedes would probably not agree to provide bases without some defense guarantee from the

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[63]Eden to Churchill, 22 October 1943 telegram 55 SPACE. FO 371/37098/N6222; Eden to Churchill, 19 October 1943 telegram 43 SPACE, CAB 122/914; Sir Llewellyn Woodward, British Foreign Policy in the Second World War, Vol. II (London: Her Majesty's Stationery Office, 1971), pp. 585-6.

Allies.[64] Eden added that the Swedes were anxious about the status of Finland after the war. He suggested that Stockholm might prove to be more accommodating if the Russians were to guarantee Finland's independence and economic well-being and restore Finland's 1939 boundaries. Molotov replied that the Finnish aspect of the Swedish question "presented a complication which he had not previously considered."[65]

In London, the Chiefs of Staff approved of Eden's evasive response to the Soviet proposal. Bases in Sweden were unnecessary because British and American bombers could already attack all major targets in Germany from existing aerodromes in England or Italy, where complete support facilities had recently been established. Swedish bases would require additional troops for base defense, and massive supply airlifts to remain operational. In the Chiefs' opinion, Russia might be the only Allied power which would have any need for Swedish bases and be in a position to support them, via Finland. This, however, would only be possible once the Finns had ceased fighting Russia, and turned against Germany as a co-belligerent of the Allies. They advised Eden to remain evasive and

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[64]Eden to Churchill, 21 October 1943, Telegram 21 SPACE, PREM 3/417/2. Hull to Roosevelt, 21 October 1943 telegram ALUSNA 192114, enclosed in memorandum for General Marshall, U.S. Chief of Staff, 23 October 1943, U.S. War Department decimal files R.G. 165/OPD091/334.8.

[65]Ibid.

elaborate on the impracticality of the Soviet proposal.[66]

Washington's reaction was similar to London's. The United States Joint Chiefs of Staff were opposed to pressing Sweden for bases because the Allies could not afford to divert any manpower and supplies from their preparations for operation Overlord.[67] However, Roosevelt added that the question might be reconsidered at some date after the cross-channel invasion.

Molotov expressed disappointment with the negative Allied attitude although he claimed that the U.S.S.R. did not require Swedish bases. The Western delegates in Moscow discerned that even though the Soviets were vague as to what they expected from Sweden, they evidently were anxious to have Sweden and other neutrals embroiled in the war. U.S. Ambassador Averell Harriman attributed this anxiety to "the primitive view that they have suffered and bled to destroy Hitler and see no reason why the Turks [and to a lesser degree, the Swedes] should not do the same if it can help to shorten the

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[66]Chiefs of Staff Committee, 22 October 1943 minute COS (43) 257th meeting (O) point (C) Sweden, CAB 122/914.

Churchill added, in his telegram to Eden, that Swedish belligerency would be desirable if the Swedes agreed to join the Allies at a later stage of the war, voluntarily. Churchill, Closing the Ring, op. cit., pp. 246-7. Churchill to Eden, 20 October 1943, Telegram 1663 EXTRA PREM 3/417/2. Foreign Office to Sir Achibald Clark-Kerr (U.K. ambassador to U.S.S.R), 23 October 1943, Telegram 115 EXTRA CAB 120/694.

[67]U.S. Department of State, Foreign Relations of the United States: The Conferences at Cairo and Teheran 1943 (Washington: U.S. Government Printing Office, 1961), p. 121.

war."[68] The Russians believed that while the neutrals' contribution to the Allies might not be militarily significant, their entry into the war would cause the Germans to feel more isolated and demoralized. Churchill had anticipated how the Soviets would respond if the Western Allies did not appear to take their proposal for Swedish bases seriously. In order to prevent this question from becoming a source of discord during the forthcoming Teheran Conference between Roosevelt, Stalin, and himself in late November, Churchill advised Eden not to reject the proposal altogether:

> The Russians shouldn't be put into a position of arguing for this and simply making difficulties. We should in principle make the difficulties manifest themselves as they certainly will do in the discussion of ways and means. They may well be overcome or put in their proper place and proportion. Anyhow we ought not to begin by crabbing everything.[69]

As a gesture to Russian sensibilities, Eden and Hull agreed in principle, during the final session of the Foreign Ministers Conference on 31 October, to recommend that British, American, and Soviet authorities conduct further

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[68] Ibid., p. 153. The Soviets were apparently more anxious to bring Turkey into the war than Sweden, since they believed that Turkish belligerency would relieve pressure on the Eastern front.

[69] Churchill to Eden, 25 October 1943 telegram 132 EXTRA, FO 371/37098/N6222; Churchill, Closing the Ring, op. cit., p. 247.

studies on securing some sort of military collaboration from Sweden.[70]

In light of what transpired at the Moscow Conference, the Foreign Office believed that the British government should prepare some 'positive proposals' to satisfy the Russians. Although the question of obtaining air bases from the Swedes was "clearly not worth pursuing," it seemed possible that the Chiefs of Staff might think of other "facilities of an operational kind" in Sweden which would not be as difficult to establish and would not necessitate giving fighter protection to the Swedes as a quid pro quo.[71] The Chiefs of Staff were therefore asked on 19 November 1943 to consider "what if anything we could usefully ask the Swedes to give us in the way of operational facilities," and to direct the Joint Planning Staff (JPS) to prepare quickly a paper on the subject, so that the Foreign Office could have something to "give to the Russians in the next day or two" before the Teheran conference convened.[72]

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[70]Eden to Churchill, 29 October 1943 telegram 121 SPACE, FO 371/37080/N6376; Conferences at Cairo and Tehran, op. cit., pp. 127, 136.

[71]Sir A. Cadogan to Prime Minister, 5 November 1943 minute (PM/43/386) PREM 3/417/2.

[72]Chiefs of Staff Committee, 19 November 1943 minute COS (43) 283rd meeting (O); Warner to Major-General Hollis, Secretary, Chief of Staffs Committee, 15 November 1943 letter (N6376/1/G) contained in COS memorandum (43)716(O), 17 November 1943. CAB 119/109) Initially, the Chiefs of Staff thought that Sweden might be useful as a base for supplying Polish resistance groups, but this proposal was not included in the final JPS paper, probably to avoid offending the Russians, who had broken with the Polish government-in-exile in London, who held the Russians responsible for the Katyn forest massacre.

The Joint Planning Staff's report was completed by 23 November. Among other things, the JPS recommended that a diplomatic approach should be made to Sweden to demand the following concessions:

1. Permission for British personnel to install and operate meterological stations and navigational aids to improve the accuracy of Allied raids on German cities;

2. Permission for Allied civil and military aircraft to land on Swedish military airfields out of range of German fighters;

3. Permission for damaged Allied military aircraft to refuel or make minor repairs in Sweden without being interned;

4. Substitution of the current system by which Sweden repatriated equal numbers of interned Allied and German aircrews in favour of returning all Allied airmen and permitting special military flights to transport them to Britain;

5. The establishment of British manned wireless interception stations to monitor German signals in Poland and the Balkans, and to receive clandestine messages from prisoner-of-war camps in Europe;

6. Agreement to allow some 4000 exiled Norwegian military personnel to travel to Britain;

7. Full disclosure of Sweden's intelligence concerning Germany.[73]

However, Stalin did not raise the question of Swedish bases during the Teheran conference. The Soviets

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[73]War Cabinet, Joint Planning Staff, Report JP (43) 405 (Final) Sweden: Operational Facilities other than Air Bases, 23 November 1943, Chiefs of Staff Committee to "SEXTANT", telegram GRAND 189, 24 November 1943, CAB 119/109. Chiefs of Staff Committee to Combined Chiefs of Staff, 26 November 1943 memorandum CCS416, Requirements for Operational Facilities from Sweden, CAB 122/914; Chiefs of Staff Committee 24 November 1943 minute 12 COS (43) 287th meeting, CAB 119/109.

seemed to be more interested in pressing the Western Allies to bring Turkey into the war, and in finding a suitable means for securing an armistice with Finland. During a discussion about Finland, Churchill remarked that he attached great importance "to Finland's being out of the war and Sweden's being in"[74] by the spring of 1944. Stalin agreed but no further conversation about Sweden ensued from Churchill's chance comment.

Although the JPS's proposals had lost their original purpose, the British services, the Air Ministry in particular, continued to examine the question of obtaining facilities in Sweden during the winter of 1943-44. In late January 1944, the JPS produced a short list of the three types of facilities which should be sought immediately from Sweden: navigational aids, meteorological information, and wireless interception stations for monitoring radio signals from German fighters. William Montague-Pollock, counsellor at the British legation in Stockholm advised the JPS that an informal diplomatic approach might persuade the Swedes to agree to this equipment being installed on the premises of the legation and its consulates in Gothenburg, Malmö, and other Swedish cities. As the Swedes were already providing weather reports to the Germans, Montague-Pollock felt it would be reasonable to expect the Swedish government to accept a

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[74]F.R.U.S., Cairo and Teheran Conferences, op. cit. p. 212.

request to furnish such information to the British legation.[75]

However, General Sir Stewart Menzies, the head of MI-6, advised the Chiefs of Staff to defer action on the J.P.S. proposal. The presence of British technicians in Sweden might raise German suspicions as to their purpose and prompt Berlin to change their codes. Furthermore, the large volume of messages emanating from Germany's air defences would overwork and delay Ultra decoding clerks and thereby render intelligence from Sweden useless for operational purposes. He therefore suggested that interception stations should be established only for gathering intelligence of long-term significance.[76]

The Foreign Office believed that any request for, operational facilities should be postponed until after the Allies had secured a ball bearing embargo from Sweden.[77] J.E. Galsworthy minuted on 30 March 1944 that "our view is that we should go all out for ball-bearings (which are our main target) and not clutter up the plate with other demands...we should not drag in operational questions."[78] The British did make a token demand for a few operational

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[75]War Cabinet, Joint Planning Staff, 24 January 1944 report JP (44) 24 (FINAL) Sweden: Immediate Requirements, CAB 119/109. Major General Hollis to Churchill, 27, January 1944, minute, CAB 120.

[76]"C" to Major General Hollis, 31 January 1944 letter C/5526. CAB 119/109.

[77]See Chapter Five.

[78]Galsworthy, minute, 30 March 1944, FO 371/43520/ N1811.

facilities during early April, but this was only for the purpose of furthering the Allied deception plans, which shall now be examined.

DECEPTIONS AND BALL BEARINGS

Although the Allies were unprepared to undertake a major operation in Scandinavia during the spring and summer of 1944, they to convince the Germans that they intended to do so in late May to prevent the withdrawal of 18 German divisions from Norway and Denmark to Normandy. As with other subterfuges to divert German attention away from Normandy in anticipation of attacks on the Pas de Calais, the South of France, and the Eastern Mediterranean, plan Fortitude North was conducted between March and May to suggest that the Allies were preparing to launch an amphibious assault against Norway. To create this deception, 28 officers and 344 enlisted personnel, who comprised the Anglo-American Fourth Army in Scotland, endeavoured to create the illusion that their force consisted of at least three corps and accompanying support units, and was conducting intensive amphibious and mountain warfare exercises in Scotland, Northern Ireland, and Iceland.[79]

On 10 February, the Chiefs of Staff sanctioned a diplomatic deception, code named Graffham to give credence

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[79]Charles Cruikshank, Deception in World War II (Oxford: Oxford University Press, 1979), pp. 99-104, 115, 120-123.

to this illusory threat against Norway. Graffham required the British legation in Stockholm to press the Swedish government, during April 1944, to provide the Allies with certain facilities, information, and privileges in the hope that the Germans would believe that the Allies needed these concessions to consolidate their position in Scandinavia once they had landed in Norway. Graffham incorporated some of the demands originally proposed by the JPS in November 1943, such as landing, refueling, and repair rights for Allied aircraft on Swedish military airfields, as well as permission for Allied reconnaissance flights over the Swedish-Norwegian border, and permission for an Allied railways expert to study rail transport between Norway and Sweden.[80] For deceptive purposes, it was more important that the Germans be aware that these demands were being made than it was for the Swedes to actually accept them. Although it was assumed that the Swedes would reject most of these demands out of hand, and would inform the Germans about their discussions with the British, the London Controlling Section, which devised the various Allied deception plans, felt that a

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[80]Cruikshank, op. cit., pp. 126-26. Sir A. Clark-Kerr (U.K. ambassador to USSR) to A. Vyshinkski (Assistant Commissar for Foreign Affairs of the USSR) 16 March 1944 letter. FO 181/989.

One bizarre aspect of Graffham concerned the large British purchases of Norwegian bonds on the Stockholm stock exchange during May 1944 to give the impression that investors sensed the liberation of Norway was close at hand. Two important Norwegian securities rose by nearly 20% between 9th and 15th May. Cruikshank, op. cit., p. 136.

conspicuous display of diplomatic activity in Stockholm would continue to stimulate German suspicions. The staff of the British legation was expanded by additional members who were to "assume a certain air of mystery," frequent visits were to be paid to the Ministries of Foreign Affairs and Defence on "no matter what business," and wireless traffic between London and Stockholm was to be increased by the transmission of false messages and by lengthening the text of genuine telegrams.[81]

Graffham proceeded in earnest in early April, after Mallet had returned from a trip to London to consult with the Foreign Office and L.C.S., and to receive his knighthood. He was supported by his Soviet and U.S. colleagues, although the U.S. government was more interested in the ball bearing negotiations and questioned the necessity for the deception.[82] The Allied ministers pressed Boheman repeatedly for permission to allow Allied reconnaissance flights over Sweden's border with Norway and for approval for discussions between the Swedish national railways and a British transport official. Günther refused to permit the reconnaissance flights, but Boheman reassured Mallet unofficially that Swedish anti-aircraft gunners would fire only token warning shots at Allied aircraft.[83] The Swedes

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[81] Ibid.; Sir Victor Mallet, Memoirs, unpublished manuscript, Churchill College Library, Cambridge, p. 147.

[82] Cruikshank, op. cit., p. 112.

[83] Ibid., p. 131; Eden to Clark-Kerr, 27 March 1944 telegram, FO 181/989.

were uncertain as to why the Allies would want to study Sweden's railway system but agreed to allow the transport expert, Brigadier Manton, to visit Stockholm in the hopes that he might reveal the Allies' intentions. However, Manton's discussions with Swedish railway executives proved no more enlightening than Mallet and Johnson's representations.

London decided to postpone issuing some of the stronger representations for aircraft landing rights and radar facilities in mid-April because it feared they might undermine the M.E.W.'s efforts to secure an embargo on ball bearing exports to Germany.[84] The Foreign Office persuaded the L.C.S. that it would "strike a note of unreality" and arouse "German suspicions as to our real motives" if demands for a bearing embargo and operational facilities were asserted simultaneously.[85] Mallet and Johnson reported that the Swedes were greatly disturbed by the earlier demands and by Washington's strident attitude on the economic questions.[86] Swedish anxieties were exacerbated by the uncertainty which prevailed throughout Europe prior to the Allied offensives in the West and East. Stockholm assumed that German troops might enter Sweden while retreating from a Soviet advance in Finland. The

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[84]Chapter Five.

[85]Clark-Kerr to Vyshinski, 6 May 1944 letter, FO 181/989.

[86]Edento Clark-Kerr, 1 May 1944 telegram 1316, FO 181/989; Mallet to Foot, 18 April 1944 letter 211/50/44, FO 371/43452/N2534.

deception plans reinforced a growing Swedish belief that the Western Allies would strike against Norway or Denmark to coincide with the Soviet offensive. Boheman told Mallet that the Germans had taken increased security measures in Scandinavia, such as closing the Danish-Swedish border, intensifying naval patrols in the Skagerak, and by despatching one infantry division to Norway and three regiments to Denmark.[87] Swedish customs officers confiscated a large consignment of ordinance maps of Sweden during a routine inspection of a German railway wagon destined for Norway.[88]

Widespread Swedish speculation about a possible allied assault in Scandinavia produced similar attitudes to those which had prevailed during the "war of nerves" in late 1941. The Swedes were apprehensive of Germany's reaction to the rumours generated by Graffham. Fears that the Germans might attempt to occupy Sweden in order to secure their supply route to Norway were revived. Captain Denham, the British naval attaché reported that uncertainty caused the occasional "reaction of nerves."[89] In one instance, a Swedish admiral who was in charge of coastal defences at Gothenburg believed that the Royal Navy was about to enter the Skagerak and, "in a state of jitters",

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[87]Mallet to F.O., 28 April 1944 telegram 499, FO 371/43452/N2604.

[88]F.R.U.S., 1944, Vol. IV (Washington: G.P.O., 1966), p. 514.

[89]Denham to Director of Naval Intelligence, 12 June 1944, telegram 121501, CAB 119/109.

sunk his block ships on the night of 30 April. Moreover, Graffham prompted the Swedish government to behave more cautiously towards Berlin. Stockholm did not inform the Germans of the demands which Mallet and Johnson had made in April, as the L.C.S. had expected. The Swedish government enforced security measures rigourously to prevent any 'leakage' to the Germans.[90]

Graffham undoubtedly made a strong impression on the Swedes. Its effects threatened to undermine London's past efforts to discourage their fear of Germany.[91] Concern over a German invasion provided the Swedish government and S.K.F. with an excuse for rejecting Allied demands for a ball bearing embargo on Germany. In order to dispel Swedish anxieties, the Foreign Office decided to discontinue Graffham-related diplomatic pressure for the duration of the ball bearing negotiations which began in early May. Throughout May and early June, the British legation's efforts to continue the deception were limited to such activities as transmitting bogus telegrams for the benefit of German wireless interceptors. Mallet and Group Captain

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[90]Mallet to Foreign Office, 26 April 1944 telegram 393, FO 371/43452/N2369.

[91]Sir A. Noble of the Central Department minuted on 2 May: "It is inconceivable that the German General Staff should be prepared to accept the unprofitable diversion of effort involved in an attack on Sweden. We may hope that Hitler will insist on indulging in such madness, but I fear we shall be disappointed.",
Noble, 2 May 1944, minute, FO 371/43452/N2604.

Maycock also met members of the Swedish air staff frequently to solicit details of Sweden's air bases and to press for the wholesale repatriation of Allied servicemen who were interned in Sweden.[92]

After 6 June 1944, London introduced two more deceptions, Fortitude North II and Royal Flush to maintain the latent threat against Norway while the Overlord forces were strengthening their beachhead and attempting to break out from the invasion area. Under Fortitude North II, four Allied divisions were kept in readiness under General Andrew Thorne, Commander in Chief, Scottish Command for an assault against Norway in the event of a German withdrawal. Real, rather than imaginary, units were employed because the Royal Norwegian government had persuaded General Eisenhower to despatch an Allied expedition to Norway to restore its authority in Norway in the event of a German evacuation.[93] Double agents would inform Berlin about the military preparations in Scotland, while Allied diplomats and visiting V.I.P.'s in Stockholm would 'leak' purportedly confidential details of the impending 'invasion' of Scandinavia. Copies of fictitious staff plans were circulated in the Foreign Office to help the diplomats fabricate plausible rumours. One bogus "Top Secret" memorandum from General Ismay of 5 August

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[92]See Chapter Six.

[93]Chiefs of Staff Committee, 19 July 1944 minute, COS (44) 241st meeting (O), Plans for the Occupation of Northern Norway, CAB 79/78.

1944 stated that four British and one U.S. infantry divisions, along with one mountain-trained infantry division would land in central Norway to capture Stavenger and airfields in order to establish bases to support further operations, while a smaller Norwegian contingent would capture the principal ports in northern Norway.[94] The 'plans' were vague as to the date of this operation so that Berlin would conclude that Allied intentions were contingent upon German strength in Norway.

Royal Flush, which supplanted Graffham after the invasion of France, entailed further diplomatic charades during June and July. On 9 June, Mallet pressed Boheman for a formal assurance that Sweden would resist any German infringement of its territory if Finnish-based German troops attempted to cross Sweden to help repel an Allied invasion of Norway. The L.C.S. had proposed that the Allied ministers approach the Swedish government on 'D+10' (16 June) with a request that it agree immediately to initiate talks between the Allied and Swedish staffs.[95] The Joint Planning Staff doubted that the Swedes would accept this proposal since recent speeches by Günther,

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[94]General Ismay to Eden, Allied Intentions in Scandinavia, "Top Secret" memorandum enclosed in Lt. Colonel R.E.L. Wingate to A. Haigh, 5 August 1944, FO 371/43509/N4808. The only actual units under General Thorne's command were one British and two U.S. divisions which were under strength, Joint Planning Staff, 15 July 1944 report JP (44) 164 (REVISED) (FINAL), CAB 122/1300

[95]Colonel J.M. Bevan, Controlling Officer, L.C.S., 11 June 1944, paper L.C.S. (44) 16, CAB 119/109.

Sköld, and Prime Minister Hansson reiterated their government's intention to remain neutral.[96]

SUMMARY

The question of Sweden's possible intervention was not central to Anglo-Swedish relations between 1941 and 1944. The Chiefs of Staff and Foreign Office assumed that the Swedes would remain neutral unless German invaders brought the war to Sweden. Accordingly, London did not contemplate action in Norway which would require Swedish assistance, nor did they desire bases in Sweden since these would be difficult to defend and maintain as long as the Germans occupied Norway. Senior Air Staff officers were willing to accommodate General Nordinskiöld's early approaches for fighters in 1941 and 1943, but gradually lost interest as the Foreign Office's insistence upon receiving Sweden's complete defence plans inhibited further discussion about aircraft. The Foreign Office wanted to keep an offer to sell aircraft 'in reserve' as an incentive for some Swedish concessions in the future, although it did not know what quid pro quo would warrant such a transaction. The Foreign Office's attitude during subsequent encounters between the Swedish air staff and the British legation in 1944 would discourage the Swedes,

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[96]Denham to D.N.I., 12 June 1944, op. cit.; Mallet - Foreign Office, 15 July 1944 telegram, FO 371/43500/N4880.

who ultimately purchased fighters and other aircraft from the United States.[97]

Sweden's only strategic value was as an unwitting participant in the Graffham and Royal Flush deceptions between late March and July 1944. While the London Controlling Section was stage managing these charades, the Foreign Office and Ministry of Economic Warfare were negotiating economic concessions from Stockholm, and dissuading the Americans from employing 'battering ram' tactics against the Swedes.[98] On 11 June, Colonel John Bevan, Controlling Officer for the deceptions, advised the Foreign Office that "any contribution which can be made now towards assisting the present Overlord battle by means of deception should have preference over economic restrictions which can only assist the war situation some months hence."[99] Further economic pressure against Sweden would "give the enemy every reason to hope that the Allies did not expect to bring the war in the West to a victorious conclusion in the next few months and thereby encourage him to continue the conflict." The Foreign Office and M.E.W. agreed with Bevan's reasoning since it seemed to provide a justifiable premise for refusing to endorse the more extreme American proposals regarding

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[97] Chapter Six.

[98] Chapter Five.

[99] Bevan, op. cit.

Sweden. London continued to cite the deception when drafting economic warfare policy with the Americans until late August, when it became apparent that this argument was beginning to "wear a bit thin."[100] To the Foreign Office and M.E.W., the deceptions were largely a justification rather than a motive for relenting economic warfare pressure against Sweden. They were more concerned with long range questions affecting Britain's recovery from the war. The following chapter shall examine these issues to determine how they influenced London's reaction to Washington's policy towards Sweden in 1944.

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[100]John Dent, British Embassy, Washington, to Group Captain Birley, Joint Staff Mission, 13 September 1944 letter, CAB 122/915. COS to JSM, 22 August 1944 telegram COS (W) 264, CAB 119/109.

CHAPTER FOUR

WARTIME REALITIES AND POSTWAR VISIONS

London valued U.S. assistance to Britain's war effort and was anxious to secure U.S. help in restoring international stability after the war. Under these circumstances, one would assume that the British would have been more rather than less willing to endorse Washington's economic warfare campaign towards a neutral power. However, Britain's attitude towards Washington's proposals is understandable if London believed that close association with an unreasonable U.S. policy would undermine an equally important interest in Sweden. Apart from intelligence and deceptions, the exigencies which had necessitated cordial Anglo-Swedish relations earlier in the war were less important in 1944. Ball bearing imports were no longer indespensible to British armaments production, since the machinery which had been smuggled out of Sweden between 1941 and 1943 enabled the British to expand their own bearing production considerably.[1] The dangers of Sweden joining the Axis or failing to resist a German invasion were virtually non-existent. If Sweden's goodwill was not essential to Britain's war

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[1] "Report on Swedish Trade", War Cabinet Official Committee on Supplies in Liberated and Conquered Areas, paper SLAO (44) 106, 28 June 1944, FO 837/917/T13/1/12.

effort, one must conclude that the British government was concerned with what it felt were important postwar interests. This Chapter shall examine the nature and scope of London's postwar plans concerning Sweden, and how the British hoped to realize them.

"BULL HEADED" AMERICANS

Regardless of what concrete motives London might have had for questioning U.S. policy, it should be observed that much of the British attitude was generated by irritation over the American's single-minded pursuit of a Swedish trade embargo. In late July, Nutting minuted that the Americans "certainly are bull-headed folk!", when he learned that the Americans were pressing Stockholm for formal assurances to limit iron ore exports for the rest of the year, although they were preparing to demand, within a fortnight, that Sweden terminate all exports immediately.[2]

British officials found Washington's assertiveness especially disturbing in the light of American disinterest in or ignorance of the salient facts of Sweden's relationship with the belligerent powers. During a visit to Washington in May, Dingle Foot found Under Secretary of War Patterson to be "wholly ignorant of the facts"[3]

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[2]A. Nutting, 26 July 1944 minute, FO 371/43464/N4509.

[3]Foot to Selborne, 3 June 1944, FO 837/916.

concerning Sweden's adherence to the War Trade Agreement. When Foot showed him Swedish trade statistics (which were confirmed by S.O.E. and M.E.W. reports), Patterson retorted that the "figures must have been faked," and elaborated that "a few healthy blacklists...would have a salutary effect" on the Swedes.[4]

The Foreign Office could no longer rely upon the State Department to restrain the War and Navy Departments by the spring of 1944. According to his memoirs, Dean Acheson, then Assistant Secretary of State for Economic Affairs, persuaded Cordell Hull that the State Department's influence and prestige within the U.S. government would be strengthened if it took a more forceful line towards the European neutrals. By doing so, the Department would be seen by the American public, during an election year, to be contributing actively towards the Allied war effort. In a radio address of 7 April 1944, Hull read a strident warning to the neutrals which Acheson had prepared: The U.S. government could

> no longer acquiesce to the neutrals drawing upon the resources of the Allied world when they contributed to the strength of its enemies...by sending the Germans the essential ingredients of the steel that killed our soldiers or by permitting highly skilled workers and factories to supply products which no longer issued from the smoking ruins of German factories.[5]

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[4]Foot to Selborne, 14 June 1944, FO 837/916.

[5]Department of State Bulletin, April 15, 1944 (Washington: Government Printing Office, 1944), p. 35; Dean Acheson, Present at the Creation (New York: Norton, 1969), p. 56.

The speech was popularly acclaimed and widely quoted in the American press. Subsequently, the State Department preferred to present all of its demands to the Swedish government in formal diplomatic notes, copies of which were distributed to U.S. newspapers and elaborated upon by Hull or a Department spokesman at weekly press conferences. In June, Acheson jubilantly told Foot that "before the speech" the State Department's prestige was "down in the basement, but now it is up on the roof."[6] This practice disturbed the British, who felt that it provoked Swedish intransigence towards Allied proposals. Swedish negotiators would be obliged to be recalcitrant out of deference to public resentment towards Allied meddling in Swedish affairs. The State Department's 'public relations' type of diplomacy contrasted sharply with the Foreign Office's and Ministry of Economic Warfare's practice of restricting publicity about sensitive issues. Public statements which were critical of Sweden's behaviour were discouraged, and the Foreign Office tried to prevent members of Parliament from asking provocative questions concerning Sweden's supposed collaboration with Germany.[7] As the State Department was conducting diplomacy partly to impress the

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[6]Foot to Selborne, 8 June 1944, FO 837/916.

[7]Sir Archibald Southeby, Conservative M.P. Epsom, was a strong parliamentary critic of Sweden. In one instance, J. Galsworthy minuted that "we must silence this talkative baronet," when Southeby presented a written question concerning the extent of German investment in Swedish industry, 24 May 1944, FO 371/43453/N3150.

American public, its motivation for imposing sanctions against Sweden was coming to resemble the simplistic reasoning of the American public. In late August, Lord Halifax informed Eden that whereas the War Department believed that the cessation of Swedish exports would shorten the war, the State Department's attitude appeared to be "extremely woolly."[8] In his opinion, the State Department was interested mainly in forcing Sweden to publicly "repent for past sins." Halifax reported that the Department did not even have a definite idea as to how Sweden was to demonstrate this change of heart. Eden replied hotly: "it would be mad for us to adopt a policy of sanctions and compulsion now because of vague American feelings of indignation..."[9]

The British also resented the manner in which the U.S. acted as the dominant power in Allied relations with the neutrals. They believed that economic warfare policy should be formulated and implemented through the mutual consent of London and Washington. Lord Selborne informed the War Cabinet, on 16 April, that the U.S. government had decided to "cash in" on improved Allied military fortunes by reducing drastically neutral exports to Germany. Selborne did not question the desirability of this aim but

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[8]Halifax to Foreign Office, 5 September 1944 telegram 1880, CAB 122/915.

[9]Eden to Halifax, 10 September 1944 telegram 8056, FO 371/43457/N5888.

elaborated,

> Our divergence of views is as to the extent to which in 'cashing in', we can ignore any agreements [with the neutrals]..., the different national characteristics and political structure of those countries, the advice of our diplomatic representatives, our own supply requirements,...the risk of ill considered action resulting in much greater supplies reaching the enemy than at present.[10]

Selborne was also concerned by Washington's behaviour towards other neutrals in 1944.[11] The Americans had suspended Spain's oil imports in January in order to force Madrid to terminate all wolfram exports to Germany, and subsequently pressed London to support further U.S. initiatives towards Spain.[12] The British feared that the American attitude would prompt the Spaniards to withhold Spain's considerable exports to Britain as well as to Germany and undermine London's efforts to induce the Franco regime to expel German spies from Spanish territory and to withdraw the 'Blue Division' from Russia.[13] The British

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[10]Selborne, 17 April 1944, Anglo American Differences over Blockade Measures, War Cabinet Memorandum W.P. (44) 206, CAB 66/49.

[11]Ibid.

[12]Sir Llewellyn Woodward, British Foreign Policy in the Second World War, Vol. IV (London: H.M.S.O., 1975), p. 26; Carlton Hayes, Wartime Mission in Spain 1942-1945 (New York: Macmillan, 1945), pp. 183-201; Herbert Feis, The Spanish Story (New York: Alfred A. Knopf, 1948), pp. 256-258; Acheson, op. cit., p. 54.

[13]Viscount Templewood, Ambassador on a Special Mission (London: Colliers, 1946), pp. 25-26.

and U.S. governments had similar differences over Portugal's wolfram exports.[14] The Americans' insistence upon Britain joining a United Nations embargo of Argentina to generate domestic unrest against the Argentine junta was especially disturbing to British officials, who believed such action was unnecessary and could threaten Britain's chances of securing a long term meat contract from Buenos Aires.[15]

In 1944, many British officials, particularly in the Ministry of Economic Warfare, were frustrated by Britain's diminishing freedom of action towards the neutrals. In the week following Hull's radio address, Lord Selborne warned the war cabinet:

> We are, it seems to me, in danger of being dragged round Europe at the heels of the United States and made to pursue, in the name of economic warfare, a policy which will probably fail to achieve its objects; will redound to our discredit; and will in the end make it difficult for us to negotiate further agreements, since people will cease to believe that we shall honour our word in spirit as well as in letter.[16]

What British plans concerning Sweden were threatened by U.S. pressure to terminate Swedish-German trade?

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[14]Selborne, op. cit.; Woodward, op. cit., p. 71.

[15]Elisabeth Barker, Churchill and Eden at War (London: Macmillan, 1978), p. 202; Robert M. Hathaway, Ambiguous Partnership Britain and America 1944-1947 (New York: Columbia University Press, 1981), pp. 77-80; David Green, The Containment of Latin America: A History of the Myths and Realities of the Good Neighbour Policy (Chicago: Quadrangle, 1971), p. 161.

[16]Selborne, op. cit.

COMMERCE: WARTIME ARRANGEMENTS, POSTWAR DIVIDENDS

London's interest in maintaining cordial relations with Sweden was motivated primarily by long term economic concerns. The Ministries of Supply, War Transport, Economic Warfare, the Treasury and Board of Trade regarded Sweden as an asset for postwar reconstruction and as a potential rival in postwar trade. By the spring of 1944, these departments exerted considerable pressure on the Foreign Office to initiate negotiations with Stockholm with a view towards resuscitating Anglo-Swedish trade and preparing for the postwar reconstruction of Britain and Europe. Industrial interests such as the Sheffield Chamber of Commerce, were anxious to resume pre-war imports as soon as direct transport with Sweden was possible. These lobbies pressed the Ministry of Economic Warfare for permission to place orders with Swedish suppliers.[17] The British hoped to induce the Swedes into arrangements which would help restore Britain to its place as a major economic power. London felt that the value of securing postwar concessions from Sweden outweighed the temporary advantages which might accrue from the cessation of Swedish-German trade. The British regarded the American preoccupation with economic warfare to be at best a

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[17]Sheffied Chamber of Commerce to Ministry of Economic Warfare, 11 March 1944, FO 837/907/T13/302; see also, 10-page list of "Finished Goods required by U.K. from Neutral Sources," prepared by Ministry of Supply, 19 May 1944, FO 371/40911/U5932.

nuisance, and at worst a threat to the impending Anglo-Swedish negotiations.

The German occupation of Norway and blockade in the Skagerak isolated Britain from its principal source of timber and wood pulp. During the war, Britain was forced to import these commodities from the United States, Canada, and Newfoundland under the Lend-Lease Programme. However, North American supplies of forest products amounted to only approximately 2% of Britain's pre-war imports from Sweden, Norway, and Finland, owing to the North American countries' own wartime requirements. The Ministry of Supply feared that with the termination of Lend-Lease at the end of the war in Europe, these supplies would become very expensive or unobtainable due to growing shortages in North America. Sweden, on the other hand, had large stocks of forest products available for immediate postwar export, and possessed a large merchant fleet which could transport these supplies to Britain at a lower cost than could transatlantic shippers.[18]

In January 1943, Sir Charles Hambro, the merchant banker and official of the Ministry of Economic Warfare and S.O.E., proposed that Britain purchase immediately large stocks of Swedish timber and pulp for postwar delivery. Hambro argued that the proposed purchases would have immense propaganda value in Sweden which would encourage the Swedes to be less compliant with German

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[18]Ministry of Supply, report on Timber Requirements, 25 January 1944, CAB 110/220.

demands. The Foreign Office rejected his proposal, however. It thought it would be bad tactics, in view of the impending tripartite negotiations, "to run after Sweden in this way at this stage."[19] Anthony Nutting minuted: "I understand from M.E.W. that Sweden knows perfectly well that after the war we shall have to buy timber from her and she would therefore treat this proposal as much more of a demonstration of sympathy than we should wish."[20] By 1944, Sweden's trade with Germany was diminishing, and it was no longer necessary to appear unsympathetic towards the Swedes in order to reduce their deference to German interests. The economic departments had completed a full desiderata of Britain's postwar requirements from Sweden in January 1944, and were anxious to initiate discussions with Stockholm as soon as possible.

Britain required reconstruction materials urgently. The Ministry of Supply intended to place orders in Sweden for large volumes of timber and other building materials to rebuild Britain's bomb-damaged homes and industries, and to repair railways, mines, and port facilities which had deteriorated during the war. Britain's initial order for the first postwar year included: 125,000 tons of pit props, 650,000 tons of softwood boards, and 25 million square feet of plywood. The Ministry of Housing

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[19] A. Nutting, 29 January 1943 minute, FO 371/37075/N541.

[20] Ibid.

sought to obtain 40,000 prefabricated wooden houses, from Sweden which could be erected in one day each, as an interim measure to alleviate Britain's acute housing shortage. The Ministry of Supply also planned to negotiate the purchase of up to 1½ million tons of iron ore and 360 long tons of wood pulp from Sweden.[21]

London anticipated that its balance of trade with Sweden after the war would be heavily in Sweden's favour. Once the fighting in Europe ended, Sweden could resume exporting immediately, whereas Britain would still be waging war against Japan. Britain would require from one to two years to convert its wartime industrial production to a peacetime basis. The Treasury therefore insisted that supply-purchase negotiations with Sweden be postponed until the Bank of England negotiated a new payments agreement with the Swedish central bank (Riksbank).[22] Under the existing payments agreement, made at the beginning of the war all British transactions with Sweden were conducted in gold. These transactions largely covered the charter of Swedish shipping to the British Ministry of War Transport, compensation for vessels sunk while on charter, ball bearing imports, special steels, and precision tools throughout the war, and

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[21]"Report on Swedish Trade," SLAO (44) 106, op. cit.

[22]R. Fraser (Board of Trade) minute on meeting with Dingle Foot, 16 July 1943, PRO BT 11, 1654.

1,421,000 tons of iron ore imported before the German invasion of Scandinavia.[23] The Treasury calculated that by September 1944, when the existing agreement was due to expire, Britain would owe Sweden £50 million in gold. The Treasury was anxious to avoid a further drain of Britain's meager gold and foreign currency reserves, and proposed a new agreement by which the Riksbank would hold an unlimited amount of sterling against a Swedish loan to Britain covering all of Britain's purchases from Sweden. Sir David Whaley of the Treasury explained to Christopher Warner, Head of the Foreign Office's treasury department, that the proposed payments agreement "would enable us to buy goods from the Swedes with their own money...," thereby helping Britain to "deal with our adverse balance of payments."[24]

London hoped that over the longer term international confidence in sterling would be bolstered by the Swedish undertaking to hold large amounts of sterling, leading eventually to a revived sterling monetary union. Moreover sterling balances in the Riksbank would encourage the Swedes to buy more of their imports from the United Kingdom and other members of the sterling bloc.

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[23] J. Hurstfield, The Control of Raw Materials (London: H.M.S.O., 1953), pp. 180, 194-5.

[24] Sir S.D. Whaley (Treasury) to Lord Drogheda (Director-General Ministry of Economic Warfare) and C.F.A. Warner (Head, Northern Department Foreign Office) 19 May 1944 letter F. 1607/011/2 PRO fo 371/43491/N3156.

The Treasury pointed out that Britain could hardly expect a satisfactory outcome to the impending payments negotiations if the Allies continued to press Sweden to cut off its trade with Germany. During the ball bearing negotiations, Allied representations to Sweden argued that Swedish credits to Germany constituted 'un-neutral' behaviour, and must be terminated or Sweden would be treated as a de facto ally of Germany after the war. Whaley informed Warner that the Treasury felt that the payments negotiations should be postponed until the war progressed further, when Sweden would withdraw concessions to Germany on its own initiative. The Treasury expected that increased Allied economic pressure would only cause the Swedes to "strengthen their scruples of neutrality"[25] when Britain approached them for a loan. The Swedes would rebuff any such approach with the argument that to extend credit to Britain while suspending Germany's credit would be contrary to the spirit of strict neutrality which the Allies were admonishing Sweden to observe. However, the payments negotiations could not be postponed indefinitely: During the spring and early summer of 1944, the Swedish legation in London was actively selling goods, ranging from timber to machinery to X-ray equipment, on easy-credit terms, to governments-in-exile in London. The Netherlands government, for example, was attempting to place large orders with Sweden for timber and reconstruc-

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[25] Ibid.

tion materials.[26] The Board of Trade feared that if these governments were to conclude commercial agreements with Sweden, Britain would be unable to obtain as great a volume of supplies from the Swedes as hoped.

London also hoped to gain sufficient influence over the Swedish economy to prevent undue Swedish competition in postwar world trade. The war had brought substantial austerity to the Swedish consumer. However, the Swedish government and businesses ingeniously exploited Sweden's enforced isolation from world trade to reorganize its economic structure, to expand Swedish industrial capacity, and to upgrade its transport system. Sweden, along with Switzerland, another neutral with a sophisticated economy, had become "the two richest nations...with their industry in a perfect position immediately to supply the demands of reconstruction."[26] Anthony Nutting minuted that he felt the Swedes were preparing to "muscle in on the commercial opportunities which the post-war world will offer."[28] Economist Barbara Ward, upon returning from a visit to Sweden in March 1943 to research an

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[26]J. Mitcheson (Commercial Counsellor, British legation, Stockholm) to L.H. Collins, (Ministry of Economic Warfare) 30 June 1944, despatch CC 258, PRO BT 25/15 RC 156; Ministry of Economic Warfare to Washington, 19 July 1944, telegram No. 1659 Arfar PRO BT 25/15.

[27]Alan S. Milward, War, Economy and Society, 1939-1945 (Berkeley and Los Angeles: University of California Press, 1977), p. 328.

[28]A. Nutting, 3 December 1943 minute, PRO FO 371/37124/N3048.

article for the Economist, reported in a letter to C.F.A. Warner that she had been impressed by the number of Swedish business firms preparing for postwar trade, "confident that having been immune to war, they could have a big competitive advantage in world markets."[29] "Swedish firms had not incurred war damage and were in a sound financial condition."[30] Swedish firms maintained commercial contacts in Axis, Allied, and neutral territory, and would be able to exploit these connexions to renew trade after the war.

This attitude was openly supported by the Swedish government. In a speech to the General Exporters Association in Stockholm on 12 April 1943, Foreign Minister Günther declared that Sweden's wartime neutrality had enhanced rather than prejudiced its postwar trade prospects. He stressed that Sweden strove to maintain friendly and peaceful terms with "all free nations." Commerce, rather than politics, was the basis for Sweden's relations with foreign powers. Günther asserted that "A state of preparedness in the field of exports was the best state of preparedness for peace....Our neutrality policy aims at creating the best possible political prerequisite for this."[31]

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[29]B. Ward to C.F.A. Warner, 27 April 1943 letter, PRO FO 371/37124/N2581.

[30]Ibid.

[31]C. Günther, 12 April 1943 speech, Swedish Home Service broadcast, wireless intercept translation, FO 371/37118/N2262.

Sweden's competitive capacity was strengthened as a consequence of the war. The Swedish government issued massive orders for defence materials, and subsidies to enterprises producing synthetic substitutes for scarce commodities, in order to satisfy Sweden's pressing defence requirements. Increased government spending led to more efficient manufacturing methods and innovative products which could be immediately sold in the postwar export markets. For example, the firm producing prefabricated houses expected to "flood at least a million units into Europe during the first year after hostilities ended."[32] Aided by government loans which were not due for five years, Swedish businesses made good use of their enforced wartime idleness to greatly expand and upgrade their factories.

For example, the war gave Swedish shipowners an opportunity to modernize and expand their fleets of steamers and sailing ships. Most of these vessels were laid up in Gothenburg or Malmö harbours, while the rest were chartered to Britain. London compensated the shipowners for ships that had been lost to enemy action while on charter. This compensation enabled the shipowners to replace sunken and obsolescent vessels with new larger motorships. During 1943, the Swedish merchant navy grew

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[32]Ward to Warner, op. cit.

from 1,396,999 tons to 1,423,800 gross tons.[33]

Mallet discerned the possible beginning of an earnest Swedish sales campaign when he reported Gunnar Hägglöf's departure for London to become the Swedish minister to the Netherlands government in late November 1943. Mallet surmised that Hägglöf, whom he described as "unusually quick-witted for a Swede" was assigned to this "nominal sinecure" in London to promote Swedish exports and to study long term economic trends in Allied countries.[34] "When the time comes for Sweden to make some form of contribution towards postwar reconstruction, Mr. Hägglöf will certainly be heard of."

In her letter to Warner, Ward took a rather dim view of Swedish economic morality: "it would be very demoralizing to Sweden's neighbours and above all for Sweden itself," if the Swedes were to "exploit the economic advantage it had gained from neutrality." She suggested that Sweden should be restricted from conducting independent export trade immediately after the war, and prevented from using its buying power to obtain overseas commodities "until Europe's basic needs" were satisfied.[35]

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[33] Ibid.; see also, J. Mitcheson to Ministry of Economic Warfare, 4 February 1944 despatch No. CC 149 PRO FO 371/43476/N911; also, "Holding a Course: Sweden turns Adverse Wartime Conditions to Profit by Building a Merchant Fleet," Business Week, 1 July 1944, pp. 113-14.

[34] Mallet to Eden, 27 November 1943 despatch No. 617, PRO FO 837/899/T13/1.

[35] Ward to Warner, op. cit.

Ward's attitude was similar to the outlook of the Norwegian government-in-exile which was expressed in a four page brief to the Foreign Office of 13 October 1943. The brief, accompanied by a 22-page despatch from Lawrence Collier, the strongly anti-Swedish British ambassador to Norway and head of the Northern Department during the "Phoney War", proposed that the Allies curtail neutral trade drastically after the war.[36] Norway had been a timber exporter before the war. The Norwegians feared that Sweden might monopolize this trade after the war if the Swedes were allowed to export freely while Norway was still recovering from the German occupation.

The Foreign Office's attitude towards postwar Swedish trade harmonized with the arguments advanced by Ward and the Norwegian government. However, it was less concerned with Norwegian resentment towards Swedish prosperity than with the wider questions concerning post-war world commerce. Economists expected that commodities would remain scarce and expensive in the years following Germany's surrender. The British government, and to a lesser extent the United States government, wished to control international trade through the United Nations' bureaucracies, to ensure orderly and uniform global recovery. London desired a regulated rather than a

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[36]L. Collier to Foreign Office, 13 October 1943 despatch PRO FO 371/38467/US089.

laisser-faire system of world markets, to prevent the more affluent powers from taking advantage of Europe's and especially Britain's financial weakness in what was expected to be a scramble for raw materials.[37] The British government hoped that, with American co-operation, the Allies could maintain their wartime commodity controls in order to provide the basic needs and reconstruction materials for the liberated and Axis countries of Europe. Such controls would also enable Britain to obtain overseas supplies which it could not purchase in a free market system.

Thus, the Foreign Office believed it was essential to Britain's interest to enlist Sweden into the Allies' postwar economic pool:

> We shall run the risk in the case of Sweden, who possesses both the money and the ships, of losing control over world markets. It is of the greatest importance to prevent the neutrals from buying in world markets which we do not control, i.e., Latin America, some Middle Eastern nations, in order to stop prices rocketing and a general scramble for materials in short supply.[38]

If Sweden were to trade freely with foreign suppliers, other countries might follow suit. Those countries lacking

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[37]J.E. Coulson (Economic and Reconstruction Department Foreign Office) 5 May 1943 minute, PRO FO 371/37124/N2581; Sir F. Leith-Ross (chief economic advisor to H.M. Government) to J.E. Coulson, 31 May 1943, PRO FO 371/37124/N3048; A Lincoln (Foreign Office) to Lord Drogheda, 19 July 1944 letter PRO FO 371/40946/UE140.

[38]G. Hall (Foreign Office) to D. Foot, 1 August 1944 letter, PRO FO 371/43492/N4825.

sufficient funds to compete with Sweden, such as Spain, might arrange barter transactions, or supplier-loans to obtain needed materials, which would be especially harmful to Britain's postwar trading position.

The Swedish government, together with trade union and business circles, expressed a keen interest in supplying humanitarian aid, as well as reconstruction aid, through the Swedish Red Cross to war-shattered European nations, especially to Sweden's Nordic neighbours, for whom most Swedes felt particular sympathy. As early as 1941, Stockholm had expressed a desire to assist European relief and had asked London for additional supplies to build up a reserve for this purpose. The reserve stocks would be stored in the U.S.A. and would be shipped to Sweden at the end of the war. The British rejected this proposal, but encouraged the Swedes to develop a relief programme and to consult with Allied reconstruction officials.[39] By 1943, Sweden had prepared what Gunnar Hägglöf has called "a sort of minor Marshall plan to help neighbour countries."[40] After consulting UNRRA and other Allied officials during the summer of 1943, the Swedes decided to organize their own relief organization, since the Allies would not allow Sweden a free hand in adminis-

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[39] M.E.W. to Stockholm, 10 July 1941 telegram 385 ARFAR, FO 371/29693/N3993.

[40] G. Hägglöf, "A Test of Neutrality in Sweden in the Second World War," International Affairs, Vol. 36, No. 2, April 1960, p. 165.

tering relief projects. The Swedish Riksdag had voted 100 million kroner to purchase supplies at the end of the war for foreign aid. Sweden undertook a certain amount of relief work in Norway and Greece, while hostilities were still in progress.[41] London expected Sweden to place much more of its economy at the disposal of the United Nations. The Swedes would assist the reconstruction of Europe, for prosecution of the war against Japan, and for Britain's own postwar recovery, by participating in UNRRA, the United Nations relief and recovery organization, and the United Nations shipping pool. Under the proposed UNRRA programme, Sweden would postpone much of its peacetime trade for an indeterminate period, during which time UNRRA authorities would direct Sweden's import and export trade. Sweden would be unable to purchase freely on world markets. It would have to restrict consumption of such commodities as coal, petroleum, and foodstuffs, which would be rationed from an UNRRA commodity pool by Allied supply authorities. Moreover, the Swedes would be expected to donate any available exportable surpluses in Sweden to the UNRRA pool (such as excess stocks of grain and coal remaining from Sweden's domestic wartime rationing) for distribution to war-torn countries.[42]

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[41] Mallet to Eden, 23 November 1943 Despatch No. 454 PRO FO 371/43492/N5024.

[42] A. Lincoln (Economic and Reconstruction Department, Foreign Office), 26 July 1944, PRO FO 371/43492/N4464.

London also wanted the Swedes to join the United Nations shipping pool. The Allies anticipated an acute shortage of merchant shipping when the war in Europe ended. The addition of Swedish ships to the pool would enable the Allies to employ Swedish tonnage to carry reconstruction materials, to repatriate Allied troops from Europe, and to serve as military transports in the war against Japan. This arrangement would curtail much independent Swedish trade, since Swedish vessels would be administered by the United Nations, who would assign lower priorities to Swedish requirements. Moreover Swedish vessels would operate at charter rates well below those prevailing under normal peacetime conditions.[43]

How could London expect Sweden to enter into these postwar arrangements which did not necessarily work to Sweden's economic advantage? Britain was in a very weak position to ask the Swedes to voluntarily restrict their trade, while simultaneously financing Britain's purchase of Swedish goods. Britain was part of a coalition which appeared to be determined to stifle what remained of Sweden's foreign trade. What incentives was London prepared to offer the Swedes in return for their acceptance of these sweeping economic concessions?

The Foreign Office and the Ministry of Economic Warfare concluded that the Swedes were anxious about the

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[43]R. Law (Foreign Office) to H. Dalton (Board of Trade), 21 June 1944 letter. PRO FO 371/40911/U5885.

continuation of wartime supplies. Britain would have to provide a satisfactory quid pro quo in order to reach any agreement concerning either the cessation of exports to Germany, or postwar issues. Most British officials assumed that Britain itself would be a major recipient of UNRRA relief, owing to its foreign exchange shortages and deficiencies of such important domestically produced supplies as coal. Britain's bargaining counters were meagre, the main one being an offer to allow Sweden to continue receiving basic ration quotas for the duration of the war, and for 90 days following the cessation of hostilities. However, as the flow of basic rations depended upon American concurrence, the Foreign Office recognized that Britain could not offer this quid pro quo until Washington was satisfied that Sweden had stopped supporting the German war effort.[44]

Coal would be Sweden's most pressing postwar requirement.[45] Throughout most of the war, Germany made a concerted effort to supply about 65% of Sweden's prewar coal supplies, in order to ensure continued Swedish ore deliveries. By mid-1944, Germany's coal production and distribution system was beginning to break down. In

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[44]L.H. Collins (Ministry of Economic Warfare) to Sir George Mahon (Board of Trade), 29 June 1944 letter PRO BT 11,196; R. Tout, 16 July 1943, minute, PRO BT 11,2196.

[45]Mitcheson to Ministry of Economic Warfare, 16 June 1944, despatch No. 358, PRO BT 25/15/RG 156/3.

addition, German coal supplies to Sweden began to dwindle, as a consequence of Sweden's declining ore exports. Coal made up three-quarters of Sweden's industrial fuel needs before the war, and industrial coal consumption had declined from 5,138 million tons in 1938 to 2,057 million tons in 1944.[46] Conversion to substitute fuels produced from wood enabled some industries to reduce their dependence on coal to about 40% by 1944. This was an unsatisfactory expedient, since wood fuels were less energy efficient than coal, and used up wood stocks which could otherwise be processed into exportable products. Sweden had carefully husbanded coal supplies against a time when Germany might terminate its exports in retaliation for a total cessation of Swedish trade. However, this stockpile would provide only short-term relief. Sweden needed a large infusion of coal in order to resume peacetime commercial activity.

The British government planned to offer 1 million tons of coal from Poland and Silesia after the war as its "trump card"[47] in the proposed negotiations with Sweden.

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[46]Ulf Olsson, The Creation of a Modern Arms Industry, 1939-1974 (Gothenburg: Institute Economic History, Gothenburg University, 1977). Sweden's total coal and coke imports had declined from 6,341,000 tons in 1939 to 5 million in 1943 to 3.9 million tons in 1944.
Sven-Olof Olsson, German Coal and Swedish Fuel 1939-1945, (Gothenburg: Institute of Economic History, Gothenburg University, 1973) Table 67, pp. 322-9.
Enemy Branch, M.E.W., Economic Intelligence Summary, 13, January 1945, FO 935/143.

[47]A. Lincoln, 26 July 1944 minute, PRO FO 371/43492/N4464.

London recognized that this "trump card" was a weak quid pro quo for Swedish participation in the reconstruction schemes, but felt it could not afford a better offer. The Ministry of Fuel and Power advised the Foreign Office that Britain's own coal deficiency would be critical, due to labour shortages and the dilapidated condition of British mines. Some of Britain's own coal requirements would have to be furnished from German and Polish sources. The Ministry therefore insisted that any proposed coal guarantee to Sweden should not exceed one million tons.

The question of how much coal Britain should offer to Sweden became a matter of contention within the British government during July 1944. Parliamentary Secretary of the Ministry of Economic Warfare Dingle Foot proposed that Britain should assure Sweden of 3 to 4 million tons of coal after the war. In early July, Gunnar Hägglöf intimated in a conversation with Foot and Winfield Riefler, of the United States Embassy, that Sweden might be prepared to sever all commercial relations with Germany, if the Allies were to guarantee postwar supplies of coal and coke as compensation for economic dislocations arising out of German retaliation to the Swedish measure.[48]

Hägglöf's remarks struck the Ministry of Economic Warfare as a reasonable way of satisfying the Americans without engendering Swedish ill-will towards the Allies.

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[48]D. Foot, 5 July 1944, record of conversation between Foot, Riefler, and Hägglöf, PRO FO 371/43454/N4288. Foot to Hall, (F.O.) 25, July 1944, Top Secret Letter, T13/292, FO 837/917.

The Ministry felt obliged to ensure continued supplies to the neutrals, in return for their adherence to war trade agreements. It believed that the Allies should compensate Sweden substantially if Stockholm ceased trading with Germany voluntarily. On 18 May 1944, Lord Selborne informed Richard Law, Minister of State of the Foreign Office, that he feared that Washington might feel no further obligation to supply the neutrals once they severed their commerce with Germany. Selborne warned that Britain's chances of obtaining postwar supplies from Sweden would be damaged if the Allies followed this course of action, which would be considered an act of bad faith by the Swedes who would become impoverished by the belligerents.[49] After consulting the Board of Trade and Ministry of Fuel and Power, the Foreign Office opposed Foot's proposal since it would prematurely discard Britain's "trump card" in negotiating with Sweden.[50] Foreign Office economic specialist J.E. Coulson minuted on 27 July:

> We have continually during the war had to make, owing to the weakness of our position or for direct military gains, bargains which will have a thoroughly bad bearing in the future. Now that the war seems to be coming to a close, we must exercise the greatest care to reduce such bargains to a minimum.[51]

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[49] Selborne to Law, 18 May 1944 letter, PRO FO 371/40542/U4534.

[50] A. Lincoln, 26 July 1944 minute, PRO FO 371/43492/N4464.

[51] J. Coulson, 27 July 1944 minute, PRO FO 371/43492/N4825.

In early August, the Ministry of Economic Warfare's proposal was presented directly to Churchill for resolution. Both the Foreign Office and the Ministry of Economic Warfare regarded the matter as "extremely urgent." Instead of circulating their memoranda for the War Cabinet's consideration and judgment, they approached Churchill in his capacity of Minister of Defence, to decide between the merits of "the short term advantages of guaranteeing supplies of coal, etc. against the long term economic disadvantages."[52] The Foreign Office finally overruled Foot's proposal by arguing that Sweden's fuel supplies should be sharply restricted after the war because the Swedes were potential trade rivals. In its brief of 9 August for the Prime Minister, prepared by Anthony Nutting, the Foreign Office bluntly stated its opposition to generously supplying the Swedes:

> Sweden will in some fields of trade be one of our most dangerous competitors, and we must be careful not to assist Swedish industry to capture our markets, by providing sufficient fuel to enable it to work at full capacity at a time when our own industry is still mobilised for war. Supplies...must be used to ensure that Swedish trade is not conducted to our disadvantage.[53]

There is no record of Churchill's response to the brief, but it probably achieved its purpose since further discus-

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[52]Nutting to R.J. Shackle (Board of Trade), 5 August 1944, PRO FO 371/43492/N4825.

[53]Nutting, 9 August 1944, brief for Prime Minister PRO FO 371/43492/N4934.

sion of Foot's proposal does not appear in Foreign or Cabinet Office files for 1944.

Nutting's prediction that Sweden would be one of Britain's "most dangerous" postwar competitors might have been hyperbole to counter Foot's proposal, but many British officials anticipated keen Anglo-Swedish commercial rivalry in European markets. In a speech to the Bristol Aeroplane Campany's employees on 23 November 1944, Harcourt Johnstone, Parliamentary Secretary of the Department of Overseas Trade, warned that "We shall meet very skillful competition in engineering from Sweden, as well as from larger countries."[54] However, it would be difficult to "sell cheap" against Swedish competitors since British industrial output was more costly, owing to expensive commodities and shipping costs.[55] Britain would have to expand exports by 50% over prewar volumes in order to recover financially from the war. Most of this expansion would take place in Europe, which would no longer be dominated by Germany, and was the only major market where the Americans had not made substantial inroads. While discussing the 'Morganthau Plan' for 'pastoralizing' Germany with Stalin at the Kremlin on 17 October 1944, Churchill expressed British commercial intentions in Europe:

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[54]H. Johnstone, MP, 23 November 1944, extract from speech, FO 954/22 part 1.

[55]Ibid.

> Why shouldn't Britain make the things needed by Europe...? After this war Britain would be the only great debtor nation...She would have to make every effort to increase her exports to buy food. Russia's intentions to take away Germany machinery was in harmony with Great Britain's intentions to fill the gap left by Germany. This was only justice.[56]

The British government therefore planned to stifle Swedish competition by restricting Sweden's imports and by exerting pressure on Sweden's prospective customers. The War Cabinet Official Committee on Supply Questions in Liberated and Conquered Areas report on Swedish trade stated:

> The United Kingdom and Empire production of certain goods of which Sweden was an important pre-war exporter, e.g., ferro-alloys, and ball bearings, has increased considerably during the war. It is therefore possible that it would be damaging to the United Kingdom exporting interests if the liberated territories are encouraged to look to Sweden as a supplier of such goods.[57]

The British government hoped to receive American diplomatic support for its various postwar negotiations with Stockholm. It especially hoped that Washington would provide financial incentives for the proposed Anglo-Swedish timber agreement or offer increased relief supplies, such as foodstuffs or a small shipment of coal, to induce Stockholm to join UNRRA and the Shipping Pool. U.S. officials also scorned the "dangerous inequities of

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[56]Sir A. Clark Kerr, British ambassador to the U.S.S.R., 17 October 1944, record of meeting at the Kremlin, FO 800/414, Vol. 5.

[57]"Report on Swedish Trade," War Cabinet Official Committee on Supplies in Liberated and Conquered Areas paper SLAO (44) 106, 28 June 1944 FO 837/917/T13/1/12.

neutrals cleaning up in postwar Europe," but the Americans were slower than the British to formulate plans to undermine postwar neutral trade.[58] In late 1944, an interdepartmental committee advanced a scheme for limiting neutral imports which resembled those advanced by Barbara Ward and others in 1943. Some U.S. business interests lobbied their government to remove trade restrictions after the war so that they could exploit new business opportunities. The State Department was interested in enlisting Swedish membership in the Shipping Pool to alleviate a shipping shortage in the Pacific, and in securing Stockholm's participation in the "Safehaven" programme - Treasury Secretary Morganthau's scheme to recover Nazi war loot. The Department was indifferent towards London's overtures for an Anglo-American common front in negotiating UNRRA and other postwar questions. The Americans insisted that these negotiations should be postponed until after Sweden had ceased exporting to Germany. In view of Washington's attitude, Eden decided to defer the payments and timber negotiations with Sweden since he feared that the Americans might accuse London of placing its own economic interests ahead of economic warfare.

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[58] D.L. Gordon and R. Dangerfield, The Hidden Weapon: The Story of Economic Warfare (New York: Harper & Bros., 1947), p. 218.

NORDIC BLOC OR WESTERN BLOC?

Sweden's place in Britain's postwar plans was mainly related to economic questions. Did the Foreign Office envisage a new political relationship with Sweden after the war? Did it hope to entice Stockholm away from neutrality and towards closer cooperation with Britain and the smaller Allies? During the war, the Swedes advanced proposals for a neutral union consisting of Sweden, Norway, Denmark, and Finland. How did this proposal relate to London's view of the postwar order and how did the British respond to it?

In accordance with the Atlantic Charter, the Foreign Office had begun to consider, in 1942, schemes for a postwar world security organization which would replace the League of Nations. Eden also recognized the need for an organization to deal with European security in addition to a general body for settling world-wide problems. Britain could not harmonize immediate relations with the governments-in-exile nor could it bolster morale in occupied countries without a definite programme for the future.[59] However, the Foreign Office did not begin to examine seriously proposals for ensuring European stability until mid-1944. Despite Eden's desire for a coherent British policy towards Europe, many members of the Foreign Office questioned the necessity for long-range planning

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[59]Sir Llwellyn Woodward, British Foreign Policy in the Second World War, Vol. V London: H.M.S.O., 1976), p. 9.

and preferred to deal with immediate questions. Sir Orme Sargent pointedly declared on 28 June 1944: "I am not in the least interested in crystal-gazing or entering into a competition with the editor of Old More's Almanack... Foreign policy has to be modified and adopted according to changing circumstances."[60] London's failure to develop a consistent policy towards postwar Europe was not entirely due to the Foreign Office's procrastination. The Foreign Office had established a Reconstruction Department, under Gladwyn Jebb, to prepare studies and position papers presenting various policy options. However, while other government bodies, such as the Board of Trade, could formulate plans according to concrete data concerning Britain's basic needs, the Foreign Office had to consider domestic and foreign political views carefully. Eden and the Foreign Office also had to contend with Churchill's tendency to view Roosevelt, Stalin, and himself as the arbiters of Europe and his mercurial alternative proposals of Anglo-U.S. collaboration or Anglo-Soviet collaboration, depending on how close he felt to either Allied leader at any given time. Since the Foreign Office believed U.S. participation in the world organization to be vital to postwar stability, it felt obliged to take into account the conflicting attitudes of Roosevelt, the State Depart-

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[60]Sir O.G. Sargent, 28 June 1944 minute, FO 371/40741/A/U6254; Christopher Thorne, Allies of a Kind (Oxford: Oxford University Press, 1978), p. 118.

ment, Congress, and the U.S. public. It also had to allay Soviet suspicions that the Western powers were preparing a postwar coalition against the U.S.S.R. London and Moscow concluded a twenty-year alliance in July 1941. The treaty did not address postwar problems and was mainly intended to sanction the wartime coalition against Germany. The Foreign Office, and Eden in particular, hoped that it would ensure postwar Anglo-Soviet cooperation. The Foreign Office believed that the Russians did not harbour aggressive designs on Europe, and that they were willing to maintain peace if Britain demonstrated good faith towards Moscow. Consequently, Eden felt compelled to defer serious consideration of postwar European security system in the interests of securing a general concensus with Moscow and Washington to ensure that they joined the world organization.

In 1942, the Norwegian government in exile had approached the Foreign Office with proposals for an 'Atlantic' security system for 'keeping Germany down.'[61] Trygve Lie, the Norwegian Foreign Minister, asserted that Norway had common diplomatic, economic, and ideological interests with Britain and the United States which should be protected by "binding and committing military agreements in the defense of the Northern Atlantic."[62] The Norwegian

[61]Woodward, Vol. V, op. cit., p. 8. L. Collier (British Ambassador to Norway) to Eden, 6 June 1942 despatch 27, FO 371/32808/N3004.

[62]Nils Morten Udgaard, Great Power Politics and Norwegian Foreign Policy (Oslo: Universitetsfollaget, 1973), pp. 25-26.

declaration prompted the Dutch and Belgians to propose similar defense arrangements for Western Europe. All three governments pressed for the Foreign Office's views so that more detailed coordinated planning could be initiated.

The Foreign Office favoured certain aspects of the Norwegian, Dutch, and Belgian proposals. If adopted, the defense arrangement would commit the United States to "a definite undertaking" to maintain the peace in postwar Europe.[63] Moreover, Eden was attracted by the political implications of the Norwegian proposal which "presupposes the abandonment of the conception of neutrality and might be developed into one of the cornerstones of a future international policing organization."[64] However, the Foreign Office decided to postpone further discussion about 'Atlantic' bases because the Ministerial Committee on Reconstruction Problems maintained that it would be unable to evaluate the military aspects of the proposal until the outcome of the war had become more certain. Furthermore, the Foreign Office was aware that most members of the U.S. government, apart from Hull and Under Secretary of State Sumner Welles, opposed the proposal on the grounds that it revived the concept of spheres of influence in Europe and would detract from world security. In July

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[63]Eden to Halifax, draft despatch, annex to Eden to War Cabinet, 22 October 1942 memorandum; Post War Atlantic Bases, WP (42) 480, CAB 66/30.

[64]Ibid.

1942, John Foster Dulles, the influential Republican spokesman, told Eden that the United States would not support an arrangement which appeared to convert the Western European states into British satellites.[65] The British offered no comments or suggestions to their smaller Allies, apart from taking "grateful note of the generous offer to postwar bases."[66]

In March 1944, the Belgian and Dutch governments pressed the Foreign Office to give more serious consideration to the formation of a security bloc in Western Europe. Henri Spaak, the Belgian Foreign Minister warned the British that the Soviet-Czechoslovak mutual assistance treaty of 12 December 1943 portended the creation of a de facto Soviet bloc in Eastern Europe.[67] However, this approach received as little official British encouragement as Lie's proposals had in 1941.

Members of the Foreign Office assumed that Britain would enjoy close ties with the Western European Allies after the war. However, they were uncertain as to the nature of this relationship and its place in an European order dominated by two, possibly three Great Powers. Eden privately stated that the great powers would occupy the same position at the end of the Second World War

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[65]Udgaard, op. cit., p. 50.

[66]Eden to War Cabinet, op. cit.

[67]Woodward, Vol. V., op. cit., p. 182.

as in 1815, with Stalin in place of Tsar Alexander. Sargent concurred, and sent Eden a letter citing that although some of the "players" were different, the "dramatis personnae" would be the same as at the end of the Napoleonic Wars.[68] According to Sargent, Russia would play the same part as "Power A", numerically the strongest power in Europe, "although it is not really sure whether it wanted to play the part." The United States would take Britain's former role as "Power B", the victorious non-European power, whose strength stemmed from commerce and industry, and who hoped to avoid European commitments in order to exploit trade in the rest of the world. Britain would assume Austria's former role as "Power C",

> the victorious European power which because it suspects A's policy and fears B's lack of participation, wants to see the prewar system restored and stabilized under some system which it will be able to control...to prevent any one Great Power from dominating Europe.... The Power C will inevitably be the champion of the smaller European states.[69]

Sargent advised Eden to study Metternich's policy to understand how to manipulate a postwar 'Concert of Europe.' "Metternich's description of his programme in 1815 was 'Monarchy and Legitimacy' whereas ours will be

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[68]Sargent - Eden, 20 December 1943 letter, FO 800/277, Public Records Office, the private papers of Sir Orme Sargent.

[69]Ibid.

'Democracy and Independence' but the objective is the same in both cases."

Other officials stated the case for collective security in more serious terms. John Wheeler-Bennet maintained that a British-led bloc in Europe was vital to Britain's defence. In a personal paper, of 10 April 1944, for the Joint Staff Mission in Washington, he argued that:

> Never again can Britain's security be jeopardized by the blind adherence of Belgium or Holland to the myth of neutrality - nor the well-intentioned but misguided belief of the Scandinavian Powers in the principle of unilateral and exemplary disarmament.[70]

The Foreign Office had no plans for transforming these sentiments into policy. Eden was reluctant to promote detailed preparations for a British-led bloc in Western Europe, fearing that such activity would alienate Washington and prompt Moscow to create a similar organization in Eastern Europe. If Europe was divided into spheres of influence, Britain would be denied influence in Eastern Europe. The Soviets might attempt to rehabilitate Germany as an ally against the West.

Although an undercurrent of concern towards Moscow's intentions appears in the Foreign Office's correspondence during the spring and summer of 1944, most officials were sanguine about the prospects for Anglo-Soviet cooperation after the war. Eden informed Parlia-

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[70] J.W. Wheeler-Bennett, 10 April 1944, The Future of British Policy in Europe enclosed in W. Adams, J.S.M., to Field Marshall Sir John Dill, 26 April 1944, CAB 122/1559.

ment on 25 May that suspicion of Russia was a "relic of our recent past" which was largely due to "ignorance" which could be overcome through exercising the "greatest frankness and understanding on both sides in all our dealings."[71] In August, Warner minuted that although some evidence suggested Soviet expansion into Eastern Europe, he believed the Russians would cooperate fully with Britain. He cited that Stalin had told Sir Archibald Clark-Kerr, "apparently spontaneously" that Poland must be allied with the West as well as Russia after the war, and that the Soviets would not promote communism in Germany.[72] Many British officials believed that Russia would require twenty years to recover from the war, and lacked the resources to attack the West. The Soviets appeared anxious to secure imports from the West. This economic dependence would strengthen Moscow's desire for peaceful cooperation. The Russians would be mainly concerned with preventing Germany or any other power from threatening its security in the future. Any British proposal for a Western Alliance would have to be formulated in terms which would not create the impression that Britain wanted a coalition against Russia.[73] Stalin had told Eden in

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[71]Eden, 25 May 1944, passage of speech during Parliamentary debate on foreign affairs, FO 371/43415/N3216.

[72]Warner, 11 August 1944 minute, FO 371/40741/A/U6875.

[73]F.K. Roberts, 26 May 1944 minute, FO 371/40740/U4379.

1941 that he would not oppose British bases in France or Northwestern Europe, and wished for a postwar international force to control the Kiel Canal so that Germany would not be able to close the Baltic.[74] The Foreign Office believed that a British led 'Western Regional Security Group' would not offend the Soviets, if it were established under the auspices of the World Organization and functioned as a means to 'keep Germany down.'

Foreign Office representatives in the interdepartmental Post-Hostilities Planning Staff therefore proposed that Britain should organize, with American and Soviet approval, a collection of armed Western European states to act as a police force to control Germany. Apart from measures to prevent German rearmament, such as economic sanctions, Britain would have to maintain a large air force, while the Western Europeans would be required to support substantial land forces on the continent. France would be

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[74] In May 1944, the Post-Hostilities Planning Staff drafted a proposal for a U.N. military base in Denmark near the Kiel Canal, which would protect the Baltic and discourage Germany from rearming. The U.N. garrison would be a division, composed of battalions contributed by Britain, Denmark, Norway, and Sweden (if the Swedes joined the United Nations). The Foreign Office rejected the plan because neither Sweden nor Denmark were members of the U.N., and Russia might insist upon basing troops in Denmark, Since Denmark would assume responsibility for the Canal, Egypt might demand that the Suez Canal be similarly 'internationalized.' Post-Hostilities Planning Sub-Committee, 12 May 1944, P.H.P. (44) (O) (Draft);
Warner, 20 May 1944 minute, F.K. Roberts, 23 May 1944, FO 371/40740/U4381

revived as a major power and would provide the bulk of the forces on the continent. The military representatives insisted that plans for a Western bloc should also provide for the contingency of a possible breakup of the world organization, and the Anglo-Soviet-U.S. alliance, after the war. They argued that a Western Security Group should be organized to provide Britain with a defence in depth in the event of a war with Russia. The group's existence would strengthen London's diplomatic stance vis-a-vis Moscow. Gladwyn Jebb, the head of the Post-Hostilities Planning (P.H.P.) Staff informed the Foreign Office that the Chiefs of Staff believed that the need for a large air force was not apparent "if we contemplate solely a disarmed Germany," but would be essential "so long as the Soviet Union maintains a powerful offensive bomber fleet."[75]

The armed services' recommendations were heavily criticized by the Foreign Office, some of whose members did not regard Russia as a serious threat to postwar peace. They inferred that the proposals stemmed from the services' ingrained fear of the 'Bolshevik Bogey', which had been reinforced by poor relations between Soviet authorities and the British military mission in the U.S.S.R. Those officials who did regard Russia as a formidable foe were anxious to prevent discord with Moscow,

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[75]Jebb-Cadogan, 7 June 1944 minute, FO 371/40741A/U6283.

and therefore sought to prevent any discussion concerning future Anglo-Soviet discord. The Foreign Office pressed the P.H.P. to expunge the proposals from the report, but Jebb insisted that the question of security against Russia was just as valid as security against Germany. The Chiefs of Staff also favoured the proposals:

> We realise that we must on no account antagonise Russia by giving the appearance of building up the Western European bloc against her, and for this reason the immediate object of a Western European Group must be the keeping down of Germany; but we also feel that the more remote, but more dangerous, possibility of a hostile Russia...must not be lost sight of..."[76]

The Foreign Office felt it should make some effort to accommodate the Chief's opinions, so that they would not regard it as being an "ostrich" towards the U.S.S.R. as it had once been towards Germany. It also tried to convince the military planners and the Chiefs to, in Warner's words, "appear to like the Russians however annoying they might be."[77] In spite of these attempts, the Foreign Office was unable to reconcile its differences with the Chiefs of Staff or the military planners. In the late summer, the P.H.P. prepared a paper, which was endorsed by the Chiefs but condemned by the Foreign Office,

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[76]Comments by the Chiefs of Staff on Policy towards Western Europe, 28 July 1944, FO 371/40741A/U6793.

[77]Warner, 20 September 1944 minute, FO 371/40741A/U7618.

that proposed that a rearmed Germany, or at least the western portion of it, should defend Western Europe against the U.S.S.R.[78] The P.H.P. concluded, in its final report of 9 November, that the Soviet Union would be fully recovered from the war by 1955, and that Russia could seriously threaten British, European, and overseas interests. Although Russia's strength would oblige Britain to strive for friendly relations with Moscow, the planners stressed the need for a Western European bloc to provide a buffer in the event of Anglo-Soviet hostilities. The planners believed that the inclusion of Sweden and other neutrals in this bloc would be "desirable."[79] Sweden's principal value to British defence would be as a location for air bases to intercept Soviet bombers and missiles. The Foreign Office reacted to the planner's report by preparing their own papers to "scotch the 'Russian bogey' thesis."[80]

The Foreign Office did not attempt to resolve the interdepartmental differences over the proposed Western Security Group. The Belgian and Dutch attitude towards

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[78]Post Hostilities Planning Staff, 15 September 1944, Security in Western Europe and the North Atlantic, P.H.P. (44) 17(O) (Revised Draft); Eden described it as a "terrible paper however it is looked at," 28 September 1944 minute, FO 371/40741A/U7618.

[79]Post-Hostilities Planning Staff, 9 November 1944, Security in Western Europe and the North Atlantic, P.H.P. (44) 27(O) (Final), FO 371/40741B/U8181.

[80]Jebb, 18 December 1944 minute, FO 371/40741B/U8523.

Soviet expansion was widely known in Britain and abroad and had become embarrassing to the Foreign Office by late 1944. Churchill maintained that the small states of Western Europe were too weak to defend themselves and would constitute a "liability" to Britain.[81] He argued that continued cooperation with Moscow would ensure Britain's security better than would an inadequate alliance. The British delegations did not encounter any Soviet or U.S. opposition when they proposed a clause in the United Nations charter which would permit regional security organizations. However, articles in the Russian press and remarks by Soviet diplomats indicated that Moscow suspected that Britain was attempting to organize an anti-Soviet coalition in Europe. The Foreign Office instructed Ambassador Clark-Kerr to inform Molotov on 28 November that London had not considered Spaak's proposals for a Western bloc. This representation did not allay Russian suspicions. In late December, D. Malguine, the second secretary of the Soviet legation in Stockholm, told Gordon Knox, the U.S. press attaché, that London was pursuing a "tortuous policy" towards the U.S.S.R.[82] He added that Britain had fought Russia in the past, and Moscow viewed current discussion about a 'Western bloc' as a move towards future confrontation.

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[81]Woodward, Vol. V., op. cit., p. 182.

[82]Knox - Johnson, 27 December 1944 memorandum, Hershell V. Johnson papers, op. cit.

The Swedes were also concerned about the security of small states in postwar Europe. Unlike the Royal Norwegian government, which had denounced neutrality as a "bankrupt" principle,[83] Stockholm maintained that the Nordic states could only ensure their sovereignty in a future conflict by organizing a neutral bloc.[84]

Many circles in Sweden described Lie's renunciation of neutrality and his advocacy of an Atlantic Alliance as "myopic."[85] Although Germany had invaded neutral Norway and Denmark in 1940, most Swedes continued to believe that Scandinavia would become a battleground between the great powers if a Nordic state abandoned neutrality and supported one belligerent against another. As with the traditional isolationists in the United States, these Swedes feared that an external alliance would only draw Scandinavia into a conflict which was irrelevant to the region. Boheman told Lie in October 1942 that the Swedish Government was "fundamentally and unilaterally opposed" to Sweden's or Norway's alliance with any non-Scandinavian power.[86] This had been the essence of the Swedish-Norwegian agreement of August 1914. Stockholm

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[83] Udgaard, op. cit., p. 25.

[84] Mallet to Eden, 30 April 1942 despatch 223, FO 371/33062/N2391.

[85] Ibid.

[86] Eden to Mallet, 10 November 1942 despatch 220, FO 371/32808/N5559.

hoped that this principle could be embodied in a 'Nordic bloc' led by Sweden and including Norway, Denmark, Finland, and possibly Iceland. The Scandinavian and Finnish foreign ministers met periodically during the inter-war years to try to coordinate foreign and economic policies. In the late 1930's, Prime Minister Hansson proposed a Scandinavian defence union, and by the end of the Russo-Finnish war, this scheme had been revised to include Finland as well. By 1942, many journalists and academics envisaged a heavily armed Nordic bloc with a common foreign, defence, and economic policy. This bloc would eschew involvement in European politics and concentrate on matters which immediately concerned its members in the Baltic. Some Swedes even advocated the integration of Nordic economic and political institutions into a Zollverein system.[87]

The Nordic bloc concept was widely popular in Sweden, even amongst Swedes who sympathized with the Allies. This popularity was due to widespread Swedish assumptions about the postwar world order. Whereas the Norwegians and the British wanted an arrangement to prevent Germany from disturbing the peace in the future, the Swedes believed that the U.S.S.R

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[87]Johnson to Hull, 23 July 1942 telegram 1912, U.S. legation, Stockholm report, "A Nordic Union?" enclosed in Greene (Chargé in Sweden) to Hull, 14 October 1942 despatch 1061, National Archives, R.G. 59, 858.00.

would be the main threat to postwar stability. Even the normally pro-Allied newspaper, Sozialdemokraten, argued that Britain would ultimately have to form a entente with Germany.[88] In December 1942, Mallet summarized this Swedish fear, "On the assumption that Germany will be powerless for many years to come after the war..., if a showdown occurred between Russia and ourselves, Russia's first move might very well be an attack on Scandinavia."[89]

On 6 July 1942, the Foreign Office rejected the concept of a postwar Nordic bloc as "unacceptable and generally impractable."[90] A report by G.M. Gathorne-Hardy, of the Political Intelligence Department, examined all aspects of Scandinavian cooperation and formed the basis of the Foreign Office's policy towards the Swedish proposals. Gathorne-Hardy stated that although Swedes, Norwegians, and Danes had a strong cultural affinity for each other, previous attempts by Scandinavian rulers to create a total or partial union in the region "have been uniformly disappointing in their results."[91] According

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[88]L. Collier (British Ambassador to Norway) to Eden, 6 June 1942 despatch 27, FO 371/32808/W3004.

[89]Mallet to Warner, 5 December 1942 letter 141/29/42, FO 371/32808/N6368.

[90]Warner, 7 July 1942 minute, FO 371/32808/N3523.

[91]G.M. Gathorne-Hardy, 6 July 1942, Possibilities of a Post War Northern Bloc, enclosed in Eden to Mallet, 22 July 1942 despatch 137 FO 371/32808/N3523.

to Gathorne-Hardy, most Norwegians harboured deep resentment towards Denmark and Sweden as a legacy of Norway's union with the Danish Crown (1397-1814), and subsequently with the Swedish Crown (1814-1905). Linguistically and ethnically, Finland had nothing in common with the Scandinavian states. Only the Swedes felt any large degree of sympathy towards Finland, and this was largely because a substantial number of Swedes lived in southern Finland. The Nordic states' economies were competitive rather than complementary. Norway, Sweden, and Denmark earned a substantial income from ship chartering, and Norway, Sweden, and Finland were major producers of timber and wood pulp. Denmark was a major exporter of foodstuffs, but had been unable to sell these goods to other Scandinavian countries who protected their own farmers with price supports and import quotas. The Scandinavian states lacked the population and other requisites to form an effective military deterrent to invasion. Moreover, the region held several areas which were strategically critical to any belligerent's northern defences. Norway's fjords afforded naval bases from which such a power could threaten shipping in the North Sea and the Atlantic and Arctic Oceans. Denmark commanded the entrance to the Baltic, Finland the approaches to Leningrad. Norway's and Denmark's main strategic interest lay in maintaining good relations with Britain, the dominant sea power. Finland's main concern was protection from Russia. Gathorne-Hardy maintained that Oslo would probably not enter into an alliance to defend Finland

against the U.S.S.R. - Britain's ally. Sweden lacked its neighbours' strategic attributes. An aggressor, such as Germany, could freely obtain Sweden's raw materials through commercial and diplomatic methods without resorting to war. "...even the hostile occupation of all her [Sweden's] neighbours need not necessarily put an end to her own enjoyment of the advantages of neutrality." Sweden would be the only beneficiary of a neutral Nordic bloc since it would provide Sweden "with a shock absorber on every flank."[92]

Stockholm's Nordic vision was at odds with British interests because it mitigated against any future collaboration between Britain and Norway and Denmark. Swedish pronouncements also encouraged "neutral mindedness" amongst Norwegians and Danes who did not support Lie's proposal. Furthermore, the Nordic bloc concept prompted Swedes to "cling to outworn, unworkable ideas of neutrality and isolation, blinds them to the realities of the new situation and prevents them from drawing the conclusion we want them to draw in the shape of postwar cooperation with Britain and the U.S."[93] However, the Foreign Office decided that no active propaganda should be conducted against the Swedish proposals, since the Nordic idea "enhanced Swedish sympathy for Norway in her

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[92] Ibid.

[93] Ministry of Information and Political Warfare Executive, 10 October 1942 Directive FP.85/749, Handling of the subject of "Scandinavian Unity or Nordic Union" in British propaganda, FO 371/32808/N5606.

present plight."[94] British officials in Stockholm were instructed to evade discussion of the Nordic bloc if at all possible. If 'cornered' by Swedes, they were advised to avoid saying anything which would discourage Swedish sympathy with Norway and Denmark, and not to criticize the Nordic bloc, openly.

Ironically, Churchill favoured the Nordic bloc Scheme, in spite of Foreign Office policy and his own negative attitude towards Sweden and the neutrals in general. He told Boheman in October 1942 that he expected Sweden to lead a confederation of Scandinavian states after the war.[95] Churchill was attracted to the concept because of its possible application throughout Europe. Churchill did not always share Eden's sanguine outlook towards Soviet cooperation in a 'Four Power' security organization,

> We cannot...tell what sort of a Russia and what kind of a Russian demands we shall have to face. It would be a measureless disaster if Russian barbarism overlaid the culture and independence of the ancient states of Europe.[96]

In a minute to Eden of 21 October 1942, Churchill suggested a Council of Europe to buttress against Soviet

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[94] Ibid.

[95] W.M. Carlgren, Swedish Foreign Policy During the Second World War, English trans., Ernest Spencer, (London: Ernest Benn, 1977), p. 137.

[96] W.S. Churchill, The Second World War, Vol. IV, The Hinge of Fate (New York: Houghton Mifflin, 1950; Bantam Books, 1962), p. 488.

influence and to promote greater harmony on the continent. Within the council, smaller states would promote their interests and contribute to their common defence by forming regional confederations such as the Scandinavian, Balkan, and Danubian blocs. The Foreign Office did favour closer collaboration between Poland and Czechoslovakia in one instance, and between Greece and Jugoslavia in another, which were regarded as 'feasible' arrangements unlike the scheme advanced by Sweden. Churchill's opinions did not alter the Foreign Office policy towards the Nordic bloc. He did not press Eden to seriously study the issues which were set forth in his minute: "It would be easy to dilate upon these themes. Unhappily the war has prior claim on your attention and on mine."[97]

Churchill revived his advocacy of regional confederations after a clandestine visit to Turkey in January 1943 to persuade the Turks to enter the war. He offered them the leadership in a postwar Balkan confederation if they were to join the Allies. He reiterated his earlier Council of Europe proposals in a memorandum to Attlee on 1st February and publicly in a speech on 21st March.[98] Churchill expanded on his concept during a luncheon in Washington on 20 May 1943, with Vice-President Wallace,

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[97] Ibid.

[98] Churchill to Attlee, 1 February 1943 telegram Strategem C/6 FO 954/22 part 1; Barker, op. cit., p. 207.

Secretary of War Stimson, and Welles. He stressed that he hoped postwar Europe would include a strong France, and confederations of small powers such as the Scandinavian states.[99] When asked if this system would include neutrals, or just members of the United Nations, Churchill remarked that the neutrals should be induced to join the Allies before the end of the war. He thought that all possible means of persuasion should be employed to secure this provided that it "could be done with safety to the nations concerned." As an example, Churchill mentioned that the Allies should help build up Turkey's forces to the point where the Turks could intervene "at the right moment." He also believed that intervention would morally benefit the neutrals. "When the United Nations had brought the guilty nations to the bar of justice, I can see little but an ineffective and inglorious role for those who might remain neutral until the end."[100]

The Swedes interpreted Churchill's remarks as official approval for their proposal.[101] At the end of March, Edvin Sköld, Sweden's defence minister announced that other Nordic states would be welcome to join a post-

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[99]Record, Conversation during luncheon at British Embassy, Washington, 22 May 1943, FO 954/22 part 1.

[100]Ibid.

[101]In the spring of 1942, Stafford Cripps had informally proposed a Scandinavian bloc. A leading article in the Economist advocated a Swedish led bloc, to counterbalance Germany and the U.S.S.R. Many Swedes inferred from these statements that London sympathized with their proposals.

war organization which would coordinate its members' defences but would not infringe upon their domestic or foreign policies. Apart from the Polish government, which hoped to form an alliance with Czechoslovakia, most foreign reaction to Sköld's announcement was negative. The Royal Norwegian government was still firmly opposed to postwar collaboration with Sweden and Finland.[102] Churchill's remarks did not prompt the Foreign Office to reconsider its policy towards the 'Nordic bloc.' In March, it instructed the Ministry of Information and Political Warfare Executive that British propaganda should expound on the theme that small state unions were an anachronism and that the Nordic Powers had no "common strategic or economic interests.[103] For example, Finland was allied with Germany against Russia, which was on the same side as Norway. The Americans did not support Churchill's proposals on regional blocs. Roosevelt's advisor, Harry Hopkins, advised Churchill to abandon the scheme because isolationists in Congress might regard the regional blocs as a revival of 'spheres of influence' diplomacy, and compel his Government to abandon Europe.[104] The Soviet

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[102]Udgaard, p. 38.

[103]Nutting to D.A. Routh, P.W.E., 12 March 1943, FO 371/37075/N1109.

[104]Barker, op. cit., p. 208.

Union was the strongest opponent of small state confederations. Molotov had denounced Swedish proposals for a Nordic Defence Union in the early spring of 1940. In the summer of 1942, Moscow condemned Polish-Czech collaboration and other Eastern European alliances. In the early summer of 1943, the Russians warned Stockholm against organizing a Nordic bloc which might be directed against the Soviet Union. At the Allied Foreign Ministers Conference at Moscow in October 1943, Molotov presented a paper criticising regional blocs as reminiscent of the prewar cordon sanitaire[105] against the U.S.S.R., which would be detrimental to the peaceful development of Europe. Eden and Hull did not voice any strong objections to Molotov's statement and Izvestia published an editorial proclaiming Anglo-American support for Moscow's policy towards the small powers. A month later at the Teheran Conference, Stalin reiterated Molotov's argument and was supported by Roosevelt. Churchill reluctantly endorsed his allies' position while expressing reservations towards a Europe divided into disunited small powers.

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[105] Foreign Relations of the United States, 1943, Vol. 1. The Conferences at Moscow and Teheran, p. 639, 762-3.

SWEDEN AND THE U.S.S.R.

By 1944, British observers noted that Swedish interest in a postwar Nordic bloc appeared to have waned. William Montagu-Pollock, the British chargé in Stockholm reported that Swedes were beginning to prefer the concept of Swedish cooperation with the world at large to membership in an isolationist regional bloc.[106] The Swedish Foreign Ministry concluded in mid 1943 that such a confederation was unfeasible since Norway and Finland were unlikely to join it.[107] The Royal Norwegian government had denounced Sweden's proposals and Finland would probably become absorbed within a Soviet sphere of influence. Stockholm thus developed its foreign policy on the basis of immediate reality. It improved relations with the Norwegian government by allowing Norwegian exiles to organize paramilitary units in Sweden. The Swedes offered to mediate a Russo-Finnish truce. They believed Helsinki would obtain more favourable Soviet peace terms if the Finns withdrew from the war before the Red Army crushed Finnish resistance completely.[108]

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[106]Montagu-Pollock to Eden, 22 June 1944 despatch 357, FO 837/913.

[107]W. Mclure, U.S. Legation to Johnson, 12 July 1943 memorandum, Hershell V. Johnson Papers, Harry S. Truman Library.

[108]Carlgren, op. cit., p. 182; Boheman, op. cit., p. 224.

The Swedes were willing to participate in international organizations which were concerned with non-political questions such as relief. They were not prepared to join the United Nations, however, since its membership was restricted to allies against the Axis. Moreover, Stockholm did not intend to renounce its neutrality to join a successor to the League of Nations. Many Swedes doubted that the postwar World Organization would prove a better stabilizing force in European afairs than its predecessor. In mid-1944, many Swedish journalists and politicians were beginning to fear that the Western Allies and Russia would divide Europe into distinct spheres of influence. The initial collaboration between the victorious Allies would degenerate into rivalry for strategic and ideological interests. They felt Britain was weakened to the point where it would be unable to play a decisive role in international affairs.[109] Sweden expected Russia to dominate Eastern Europe, and exert overwhelming influence over the rest of the continent through its military strength in the East and the growth of Communist parties in the West.[110] The United States was the only power strong enough to counter Soviet influence, but its

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[109]Ministry of Information, Overseas Planning Committee, 20 October 1944, Sweden's Attitude towards the Allies (U.K. in particular), FO 371/43490/N7110.

[110]Foreign Office to Eden, 6 October 1944, Sundry Issues of Scandinavia vis-à-vis Growing Soviet Power, FO 371/43213/N6163.

postwar aims were uncertain. Swedish observers assumed Washington would revert to prewar isolationism. Some believed it would be a mistake for Sweden to orient its trade exclusively with the United States and other Western nations. Gunnar Myrdal, noted economist, socialist member of parliament, and chairman of the State Postwar Economic Planning Commission, warned that the West would be impoverished after the war. In a book, Varning För Fredsoptimism (Beware of Peace Optimism), which was widely read and discussed during the summer of 1944, Myrdal predicted that the U.S.A.'s prosperous wartime economy would be transformed into depression, and that it would be unable to employ 15 million demobilized veterans.[111] An American depression would weaken other countries' efforts to recover from the war. Myrdal advised that Sweden's economy should become independent of American connexions in order to avoid being drawn into the forthcoming depression. Influential Swedes argued that Sweden should walk a diplomatic tightrope between Russia and the West after the war, as it had done between Germany and the Allies during the war. Prime Minister Hansson informed an American journalist, "It is obvious that commercially and politically Sweden must have and should have close and cordial relations with the U.S.S.R."[112]

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[111]G.N. Lamming (Commercial Department, H.M. Legation, Stockholm) to Foreign Office, 4 September 1944 despatch 522, enclosing summary and translation of Varning För Fredsoptimism, FO 371/43464/N5582.

[112]John F. Scott, 29 Nov. 1944, record of conversation, Hershell V. Johnson papers.

By mid-1944, some British circles became concerned that the U.S.S.R. might draw Sweden into a postwar Soviet sphere of influence, while the Western Allies were preoccupied with pressing the Swedes to eliminate what remained of their commerce with Germany. In the earlier war years, the Foreign Office assumed that popular Russophobia, strengthened by Swedish sympathies for Finland, might lead Sweden to bolster the German war economy, in order to stop Soviet power from engulfing the Baltic.[113] To this end, the British government directed propaganda to Sweden depicting the Soviet Union as a freedom loving country, which was valiantly fighting the Nazi war machine, and harboured no malice towards small democracies like Sweden. In late 1943, Peter Tennant, the British press attaché in Stockholm, reported that British propaganda had been "highly successful" in reducing Russophobia amongst the Swedish public, and had inspired widespread admiration for the Red Army's fighting qualities.[114] In the summer of 1944, the British legation in Stockholm reported that many Swedish government officials and businessmen had developed a more accommodating

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[113]British legation, Stockholm to Ministry of Information, 1 April 1943 letter, PRO FO 371/37075; Ministry of Information paper #120, "Plan of Propaganda to Sweden," 25 February 1943, PRO FO 371/37075/N1109.

[114]In June, Tennant reported that the Soviet documentary, "Stalingrad," was well received by Swedish cinema audiences and the Swedish press, who were particularly impressed by the Red Army's "Stalin Organ" rockets, PRO FO 371/37078/N3283.

attitude towards Russia.

Improved Russo-Swedish relations would offer Swedish traders the prospect of large-scale exports of capital goods and reconstruction materiels to Russia, in return for commodities, such as coal and oil, which might be difficult to obtain from British and American sources. In May 1944, Mallet warned London that strengthened Soviet-Swedish ties could lead to a complete re-orientation of Swedish trade in favour of Russia once surface transport became possible after German evacuation of Finland and the Eastern Baltic.[115] Mallet advised the Foriegn Office that although the Swedes did not want to be absorbed into a Soviet sphere of influence, Stockholm might conclude that there was no other recourse if the British and Americans were to invoke sanctions which would deny Swedish access to more desirable markets in the West.

Limited Russian-Swedish trade had already begun in early 1944. The Scotland-Stockholm air route was extended to Russia in order to transport ball bearings purchased by Britain on Moscow's behalf for Soviet armaments production. The Soviet government was not party to the 1943 War Trade Agreement, and was therefore not obliged to support Anglo-American pressure tactics. Nutting assumed that the Russian desire to maintain these imports

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[115]Mallet to Eden, 12 May 1944 despatch #534, PRO FO 371/43502/N2919. Mallet to Chancery, 12 May 1944 minute, PRO FO 188/453.

might cause Moscow to "queer our pitch"[116] by demonstrating a lack of enthusiasm for the Western Allies' economic warfare policy. Whereas the Soviet government had derided Sweden's neutrality in 1943, during 1944 Moscow refrained from criticizing Sweden's trade with Germany. Alexandria Kollontai, the Soviet minister and dean of the Stockholm diplomatic corps, who was working closely with the Swedes in securing a Finnish armistice, deplored American and British behaviour during the ball bearing negotiations. Mallet assumed that Kollontai had advised her government to avoid association with the Western Allies' pressure tactics for the sake of the peace negotiations with Finland, as well as for the prospect of furthering Soviet trade.[117] In June, C.R. Wheeler, an official of the Ministry of Supply's Iron and Steel Control, informed Warner that Hägglöf had told him of Russian negotiations for tools and machinery which, according to Mme. Kollontai, could be worth 100 million kroner.[118] Warner felt that Hägglöf's remark was probably a "clever tractical move by the Swedes" to encourage Britain and America to take a more moderate line towards Sweden. Warner replied that he would be

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[116]Nutting, 14 April 1944 minute, PRO FO 371/43491/N2147.

[117]Mallet to Eden, 28 July 1944, Confidential report of heads of missions, PRO FO 371/43498; Mallet to Ministry of Economic Warfare, 22 May 1944 telegram No. 487 Arfar, PRO FO 371/43453/N3150.

[118]Wheeler to Warner, 30 May 1944 letter, PRO FO 371/43487/N3362.

"greatly surprised" if the Swedes entered into large-scale trade with the Russians and doubted if the Swedes would "want to be entirely at their mercy.[119] However, Finland's withdrawal from the war and the Swedish Communists' gain in September's general elections gave greater credence to these vague suspicions about Soviet intentions. The Russians appeared to be negotiating in earnest for Swedish exports, while giving only half-hearted support to the Anglo-American economic warfare measures.

The prospect of growing Soviet influence gave the Foreign Office some cause to fear that further British association with U.S. tactics might weaken Britain's interests in Sweden. Eden informed Halifax on 10 September, "the Russians are not at one with us." He feared American inspired actions to rupture Swedish-German trade might give the Soviets an opportunity to further their influence in Sweden at the Western Allies' expense.[120] The Foreign Office however observed that Moscow's attitude towards Scandinavia had been "correct," and there were "no overt signs of a desire to interfere unduly in these countries."[121] The Soviets acknowledged that Norway fell

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[119]Warner, 5 June 1944 minute, PRO FO 371/43487/N3362.

[120]Eden to Halifax, 10 September 1944 telegram 8056, FO371/43457.

[121]Ibid.

within the Anglo-American sphere of influence. Moscow did not openly encourage the Swedish Communist party to undermine the Swedish government. The Foreign Office concluded that in spite of the Communists' improved standing in the Riksdag, Communism was unlikely to grow in Sweden unless there was massive unemployment after the war. Consequently, British diplomacy and propaganda avoided the question of Soviet influence in Sweden. Instead, the Ministry of Information expanded upon the themes of Britain's prewar commercial importance to Sweden, Britain's unflagging total war effort, its determination to preserve the Commonwealth and Empire after the war, and the similarities between the Beveridge plan and Sweden's own social welfare programmes.[122]

SUMMARY

By the Spring of 1944, Lord Selbourne and other officials were apprehensive that continued British association with Washington's strident diplomacy towards Sweden was becoming a liability. Increasingly, American policy was being formulated according to the prejudices of the U.S. service departments and the American public. The Americans were unreceptive to British advice and less willing to accommodate British interests, while insisting upon London's full support for their own proposals. The

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[122]Overseas Planning Committee, 20 October 1944, paper 544, Plan of Propaganda to Sweden; Projection of the British Empire, first revision of aims and objectives. FO 371/43490/N7110.

British officials feared that Britain's long term influence over Sweden and other neutrals would diminish drastically if it became apparent that Britain had become a junior partner. Although the Foreign Office was unwilling to commit itself to any scheme for European security until after the war, its members believed that Britain would play a leading role in shaping and maintaining the postwar order in Europe. Britain could hardly assume the role of Metternich's Austria if its prestige among the liberated Allies and neutrals was lowered to that of Franz Josef's crumbling empire. Britain required prestige and friendly relations with Sweden to offset its weak bargaining power when negotiating a complex assortment of postwar commercial questions with Stockholm. The Ministries of Supply, Housing, and War Transport regarded Sweden as Britain's most important source for urgently required reconstruction materials and shipping. The Treasury sought to arrange financing for renewed Anglo-Swedish trade and initiate sterling's recovery as a major currency. The Foreign Office was anxious to enlist Sweden in international recovery schemes to prevent the Swedes from competing in world markets once the blockade and other wartime constraints upon free trade had been lifted. British officials were anxious to secure all of these arrangements before the cessation of hostilities, but Washington's continued preoccupation with economic warfare threatened to undermine Anglo-Swedish trade negotiations. The Swedes would either reject the British proposals or

would insist upon an exorbitant quid pro quo if London approached Stockholm for postwar concessions while the Allies were pressing for the cessation of Swedish-German trade. Moreover, Anglo-Swedish discussions about postwar trade would antagonize the Americans. London was obliged therefore to defer these negotiations until Washington was satisfied with Sweden's behaviour. It was in Britain's interest to mediate a compromise between the United States and Sweden, but given the prevailing attitudes in Washington and Stockholm, the chances for such a solution were unfavourable during the spring and summer of 1944.

CHAPTER FIVE

THE POLITICS OF ECONOMIC WARFARE
APRIL 1944 - JANUARY 1945

Although British officials were less interested than were their U.S. counterparts in economic warfare, throughout 1944 much of the attention of the Foreign Office and M.E.W. was absorbed by issues relating to Swedish-German trade. Washington relentlessly intensified pressure for the curtailment of Swedish exports until Stockholm terminated this commerce entirely on 1 July 1944. Although British officials felt obliged to accommodate the Americans, much of their efforts were devoted to persuading U.S. officials to adopt a more moderate policy towards Sweden which London could support without compromising long term British interests. The British were concerned by unpredictable American behaviour, such as Patterson's unilateral oil embargo,[1] and by the State Department's growing deference to the service departments. The Foreign Office was anxious to remain 'in step' with the Americans in order to prevent them from acting unilaterally in the future as this would demonstrate the duality of the Allied attitude and underline Britain's diminished influence in Washington.

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[1]Chapter Two.

THE BALL BEARING IMBROGLIO, APRIL - JUNE 1944

Sweden's ball and roller bearing exports to Germany was the dominant issue in Allied-Swedish relations during the spring of 1944. The M.E.W. believed that bearings, unlike Swedish iron ore, were critical to the outcome of the war and agreed with Washington that Germany's bearing imports should be curtailed as much as possible. The British and U.S. air staffs maintained that the elimination of Germany's bearing supplies was a prerequisite to achieving Allied air supremacy over Europe before the impending invasion of Normandy. The air staffs thought of bearings as the "indispensible link" in German aircraft and tank production.[2] The U.S. Eight Air Force conducted intensive and costly raids on Schweinfurt (where 52% of Germany's bearings were produced) and other manufacturing centres between August and October 1943, and again during January and April 1944. In March 1944, the Ministry of Economic Warfare estimated that the attacks had reduced bearing production to 70% of the pre-attack level of 9.1 million bearings per month. The Allies wanted to deprive Germany of alternative bearing supplies from Sweden. Imports from Sweden contributed 7.5% to 10% of German industry's total bearing consumption. The 1943 War Trade Agreement obliged Sweden to reduce ball and roller bearing

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[2]Chiefs of Staff Committee, 5 March 1944 memorandum by Sir Charles Portal, Chief of Air Staff, "Export of Swedish Ball Bearings to Germany," COS (44)227 (O) CAB 80/81; Ministry of Economic Warfare, 6 January 1944, Secret Report on Ball Bearings, FO 837/905.

exports from 60 million kroner in 1943 to 24.4 million kroner in 1944. In late summer 1943, Britain purchased £1 million (17 million Kr.) worth of bearings from S.K.F., the Swedish ball bearing monopoly. Britain also promised to place additional large orders with the firm in 1944. The M.E.W. had asked the Ministry of Supply to make these purchases to compensate S.K.F. for lost business with Germany as well as to preempt output which would otherwise have been shipped to Germany. Stockholm was obliged to adhere to these terms when it renegotiated its annual trade agreement with Berlin. In early 1944, the Swedes informed the Allies that only half of the total export quota for 1944 would be shipped before June, and that monthly shipments would be limited to one-twelfth during the rest of the year.[3]

In March 1944, the Allied air staffs were convinced that the M.E.W.'s transactions with S.K.F. were ineffective. In spite of the export reductions in 1944, the proportion of Sweden's contribution to Germany's overall bearing supply was the same as in 1943. The Germans had cancelled orders for less essential bearings in favour of small to medium sized ones (less than 62 millimetres in diameter) which were suited to airframe and aero engine construction. A U.S. intelligence report indicated that S.K.F. enabled Germany to satisfy 70% of its requirements for 7 major

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[3]Martin Fritz, "Swedish Ball Bearings and the German War Economy," Scandinavian Economic History Review, Volume XXIII, #1, 1975, p. 19.

types of airframe bearings, which amounted to 22% of Germany's overall airframe bearing needs. Air Chief Marshal Portal, Chief of Air Staff, insisted that the M.E.W. and Foreign Office take steps to prevent further Swedish exports:

> The urgent desire of the Germans to take the most of their monthly quota of Swedish bearings in the form of these "special" airframe and aero engine bearings is evidence of the success of our attacks in curtailing their own production of these essential types. But the Swedes' ability and willingness to satisfy them in this respect may appreciably postpone the effect which our air attacks on Germany's ball bearing plants will have on production of war equipment, unless firm and immediate action is taken to stop this leak.[4]

Portal pressed Lord Selborne, who was also the director of the Special Operations Executive, to devise a plan to disrupt S.K.F. production through sabotage. Selborne rejected the suggestion because the S.K.F. works in Gothenburg were too widely dispersed for a strategically planted bomb to upset its entire operations. Moreover, Selborne reasoned that Sweden's effective security service would discover and arrest an S.O.E. sabotage ring before

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[4]Portal, memorandum, op. cit. Allied military officials believed the bombings to be more destructive of German armaments production than was actually the case. The Speer Ministry dispersed and reconstructed bearing factories quickly, enabling bearing output to resume at pre-raid levels. Alan Milward, The German Economy at War (London: The Athlone Press, 1965) pp. 186-194. Moreover, SKF had increased shipments of ball bearing steel, which had not been included in the War Trade Agreement, to its German subsidiary, VKF, in late 1943 and 1944; Martin Fritz, op. cit., pp. 23-25.

it could accomplish its mission.[5]

Selborne agreed that something should be done to reduce this commerce sharply. However, he argued any Allied effort to coerce Sweden on this point would be ineffective, and might provoke Stockholm into abrogating or not bothering to enforce the War Trade Agreement.[6]

The M.E.W. was aware of the Swedish Air Force's desire to obtain modern fighters, and Dingle Foot believed that a generous offer of Spitfires might induce the Swedes to curtail bearing exports. During a discussion about ball bearings on 27 February, Hägglöf had asked Foot if Britain was willing to supply aircraft to Sweden. Although Hägglöf stressed that his enquiry was unrelated to the ball bearing question, Foot and the Foreign Office inferred that "obviously it is connected in the Swedish mind."[7] William Cavendish-Bentinck of the Foreign Office assumed that the Air Ministry might be prepared to furnish the Swedes with Spitfire Mark V's, which were approaching

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[5]Selborne to Chiefs of Staff Committee, 8 March 1944 COS(44) 285(O) CAB 119/109. On 13 May 1944, Swedish police arrested "B", an SKF shipping clerk who supplied the O.S.S. with statistics concerning exports to Germany between December 1943 and May 1944. "History of O.S.S. operations in Sweden," National Archives R.G. 319, Records of Army Staff PLO 3147 TS (16 December 1949), Folder No. 2 (Washington, D.C.: General Services Administration, 1974).

[6]Medlicott, op. cit., p. 481; J. Galsworthy, 30 April 1944, minute of conversation with Foot and Air Vice Marshal Collier, FO 371/43452/N2661.

[7]Nutting, 4 March 1944 minute, FO 371/43450/N1247.

obsolescence, if a sufficient number were being withdrawn from operations or if the production of new Mark V's was feasible. On 8 March, Lord Selborne asked the Chiefs of Staff to relinquish Spitfires for possible transfer to Sweden. Selborne argued that an offer of 200 Spitfires as "bait" would be a more successful method of curbing Swedish bearing exports than sabotaging the SKF works.[8] The Foreign Office strongly endorsed Selborne's argument, noting that "We can think of no other offer to the Swedes which would be likely to achieve this [restriction of bearing exports] other than the acceptance of their request for Spitfires (or possibly some other type of aircraft)".[9] Portal agreed with Selborne's argument and added that the "bait" would "fit in well" with the Graffham deception.[10] He believed that production bottlenecks and Overlord requirements precluded the immediate supply of fighters to Sweden, but felt that Fighter Command might be able to spare an initial installment of 25 Spitfires. Portal and other members of the Air Staff believed that London would have to "enlist American aid" to

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[8]Cavendish-Bentinck, 6 March 1944 minute, FO 371/43520/N1543.

[9]Selborne to Hollis, 8 March 1944 memorandum COS (44) 235 (O), CAB 119/109.

[10]Portal, 11 March 1944 minute, COS (44) 83 meeting, CAB 114/109.

supply sufficient aircraft to Sweden if Stockholm agreed to strike a bargain with the M.E.W.[11]

On 13 March, Foot informed Hägglöf that London was willing to deliver an unspecified number of fighter aircraft in the future, provided that the Swedish government agreed to reduce SKF's export drastically during the next three to four months. Hägglöf doubted that Stockholm would accept the British proposal, but remarked that he hoped that the British would remain willing to supply Spitfires regardless of Sweden's attitude towards the ball bearing question.[12] Upon receiving Stockholm's reply at the end of the month, Hägglöf informed Foot that the Swedish government believed that its neutrality would be compromised if it broke its trade commitments to Berlin, which were within the limits established by the War Trade Agreement, in return for British aircraft: "The Swedish authorities do not find it possible to justify such a breach."[13]

As the "bait" did not lure the Swedish government to limit bearing exports, the M.E.W. quickly decided to enter into direct negotiations with S.K.F. Hägglöf informed Foot and Winfield Riefler, the U.S. embassy's economic warfare specialist, that the Swedish-German trade agreement of January 1944 obliged the Swedish government to ensure

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[11] Ibid.

[12] Foot, 13 March 1944 minute, FO 371/43520/N1581.

[13] F.R.U.S. 1944, Vol. IV, op. cit., p. 481; M.E.W. to Stockholm, 31 March 1944 telegram 330 ARFAR, FO 837/914.

that S.K.F. honoured its contracts with Berlin, but added that under Swedish law the government could not compel S.K.F. to comply with the trade agreement.[14] Hägglöf's remark led Foot and Riefler to infer that while the Swedish government was anxious to avoid difficulties with Berlin, it would not prevent the Allies from persuading S.K.F. to curtail bearing shipments. They hoped that the ball bearing question could be resolved promptly without rancour if it was treated strictly as a commercial matter between the Allies and S.K.F. rather than as a contentious problem in Allied-Swedish relations. Mallet was confident that the Allies could easily negotiate a discreet understanding with S.K.F. through the good offices of Marcus Wallenburg, whose bank held a large bloc of S.K.F. shares and whose brother was one of the company's directors.

The M.E.W. and U.S. Embassy were anxious to approach S.K.F. immediately, as Hägglöf had stated that a German delegation was due to visit Gothenburg in late April to persuade the company to increase deliveries to Germany. On 3 April, the M.E.W. proposed, with Riefler's concurrence, that Mallet and Johnson ask S.K.F. to refuse further German orders and to suspend deliveries for three months. In return for these concessions, the Allies would compensate the company with large purchases during 1944 and 1945.[15] Moreover, S.K.F. would be allowed to

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[14] F.R.U.S., op. cit., p. 482.

[15] Ibid., p. 484.

fulfill all existing contracts with Germany during the last half of 1944. London also suggested that the U.S.S.R. should support the Allied negotiations, on the understanding that future Soviet transactions would depend upon how the company responded to the Anglo-American approach. If S.K.F. accepted the Allied terms, the British government would furnish Spitfires to the Swedish Air Force to ensure that Stockholm would not adopt "more than a 'formal' position in carrying out its commitments vis-à-vis ball bearings to the Germans."[16] General Spaatz, Commander of U.S. Strategic Air Forces in Europe, strongly endorsed the British proposals and supported Riefler in requesting that Washington furnish at least $20,000,000 to cover the pre-emptive purchases.

Before Washington had time to consider London's proposal, it received information which created suspicion that S.K.F. and possibly the Swedish government were deceiving the Allies as to the degree of Swedish-German collaboration. Shortly after the conclusion of the Swedish-German trade negotiations in January, the Swedes informed the Allies that bearing exports in 1944 would be worth 21 million kr., or 14,500,000 reichmarks. In March, Hägglöf informed Foot that his government had miscalculated the conversion rate, and that exports would actually be valued at 24,361,000 Kr.[17] The M.E.W. did not believe that

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[16] Ibid.

[17] Hägglöf to Foot, 27 March 1944 memorandum, FO 837/914.

the Swedes could have made such an error, since the official exchange rate of 59.5 RM,/100 Kr. had been in effect since 1941. At the beginning of April, it received through a "secret source" a paper which was purportedly part of the Swedish-German commercial agreement. The document stipulated that Sweden would ship 18 million R.M. worth of bearings to Germany in 1944.[18] At the official rate of exchange, bearing exports would amount to 30,250,000 Kr., thereby exceeding the War Trade Agreement ceiling of 29.3 million Kr. for the whole of "Axis Europe."[19] John Mitcheson, the British commercial counsellor in Stockholm, confronted Swedish officials with the discrepancy between Hägglöf's statistics and the original figures. The Swedes explained that these were a typographical error caused by pencilled marginal calculations of the official exchange rates versus the clearing rate on the original draft of the Swedish-German agreement. They insisted that the ball bearing quota was 14.5 and not 18 million R.M. Mallet advised London to accept the Swedish explanation, and not to press the matter further. He related that when Mitcheson had made caustic remarks over their error, the

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[18]G. Villiers to Mallet, 3 April 1944 letter, FO 837/911.

[19]G. Collins, 1 April 1944 minute, FO 837/914.

Swedes were "very ashamed and positively grovelled."[20]

London was still prepared to bargain with S.K.F. in spite of the Swedes' possible duplicity. Washington was not. Senior officials in the War Department were incensed over statistics contained in the secret report. Secretary of War Henry Stimson exclaimed in a letter to Secretary of State Hull:

> I am surprised and outraged by the figures shown. It simply means that the Swedes are actively and knowingly assisting Germany to produce these most vital implements of war and to offset the effects of our bombardment... I respectfully suggest that the time has passed for words and that we should resort to some of the forms of pressure which we have to prevent the active support of Germany by Sweden.[21]

The State Department rejected the British proposal for direct negotiations with SKF out of hand. Instead it called for a formal Anglo-American démarche to the Swedish government demanding the immediate termination of all bearing exports to Germany. If the Swedes fully complied, the United States would compensate them, if not, the U.S. would 'blacklist' SKF from conducting business with Allied countries and apply other sanctions against Sweden.[22] The State Department argued that it did not favour the British

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[20]Mallet to Villiers, 11 April 1944 letter, FO 837/911. The Swedish explanation was probably true. Phillip Kessler, a German bearing expert informed Reichminister Speer on 6 April 1944, that imports from Sweden were valued at 14.5 million R.M. Sir Charles Webster and Noble Frankland, The Strategic Air Offensive Against Germany, 1939-1945, Volume IV, annexes and appendices, (London: H.M.S.O., 1961), Appendix 31, p. 320.

[21]Stimson to Hull, 9 April 1944 letter, National Archives, R.G. 165 OPD TS(10AP44).

[22]F.R.U.S. 1944, Vol. IV, pp. 485-8.

proposals because SKF's Managing Director Harald Hamberg's "uncooperative attitude" towards the Allies necessitated pressure upon the Swedish government to compel SKF to accept the Allied demands.[23] The proposed démarche was supported by the U.S. Joint Chiefs of Staff and President Roosevelt.[24] American military and public at large tended to be emotional on the question of ball bearings, due to the heavy losses which the Eighth Air Force suffered in the second Schweinfurt raid, which had cost 60 B-17's, as well as severe damage to 138 other bombers, out of a force of 300 aircraft.[25] The popularity of Hull's radio address of 9 April induced the Department to adopt a more bellicose attitude in order to demonstrate to both the American public and the U.S. government that it could forcefully deal with Sweden.[26]

The British government, believed that the inclusion of threats in the démarche would hurt the Allied case. They pressed Washington to substitute the vague phrase "serious consideration would be given to all measures at

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[23] Ibid.

[24] Admiral Leahy to H. Stimson, 31 March 1944 letter NA/OPD R.G. 165 334:82 CS; Stimson to Hull, 11 April 1944 letter NA/OPD R.G. 165 400 TS (10.4.440).

[25] Stimson to Hull. W.F. Craven and J.L. Cate (eds.) The Army Air Forces in World War II, Vol. II, (Chicago: University of Chicago Press, 1949), p. 704.

[26] Acheson, op. cit., p. 56.

the disposal of the American government" in place of the specific threats.[27] On 13th April, Hershell Johnson delivered the démarche to Foreign Minister Christian Günther, supported by a supplemental British aide-mémoire presented by Mallet. Both the démarche and Johnson's oral remarks referred to Sweden as an accessory to the mass slaughter of American servicemen because of its continued ball bearing exports to Germany.[28] The démarche and Hull's radio speech angered the Swedish cabinet. Boheman told Johnson that the démarche had been the worst message that Sweden had received "from any belligerent during the entire course of the war.[29]

On the 19 April, the Swedish Foreign Ministry disclosed to both chambers of the Riksdag the history of Sweden's wartime relations with the belligerents. The government received the unanimous approval for rejecting the démarche from all members, including the Communists who had previously criticized the government's policy towards Germany.[30] However, Boheman informed Johnson that Günther and Prime Minister Hansson believed that the Allies could achieve their objective if they secured a bargain with S.K.F. surreptitiously.[31]

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[27] F.R.U.S. 1944, Vol. IV., pp. 495-7.

[28] Ibid., pp. 500-4.

[29] Ibid., pp. 506-7.

[30] Ibid., p. 512.

[31] Ibid., pp. 519-21.

While awaiting the Swedish response, the Allied governments considered what action to take in the event of a Swedish rebuff. The State Department favoured blacklisting SKF and curtailing Sweden's imports from the West. The British Ministry of Supply and Air Chief Marshal Portal opposed blacklisting for fear that it might jeopardize British bearing imports for a new model of fighter currently in production. On the 17 April, Lord Selborne advised the Cabinet that the démarche had generated Swedish intransigence on the ball bearing question which would hinder future Allied negotiations on the subject. He intimated that in the event of a Swedish rebuff, Washington would probably press for British collaboration in punishing Sweden. Selborne felt that sanctions would violate the War Trade Agreement, and lead to damaging repercussions against Britain:

> The effect on our relations might be disastrous. In the economic sphere Sweden has gone farther to meet our wishes than any other neutral country. Last year's agreement under which the Swedish government agreed to a 30% reduction of their export trade with the Axis involves considerable dislocations and possible unemployment in almost every Swedish industry. The trickle of supplies which reaches Sweden by no means compensates for these sacrifices.[32]

Selborne agreed that Britain's freedom of action towards Sweden was limited by the need to maintain good relations with the United States, but warned his cabinet colleagues

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[32]Selborne, 17 April 1944 Anglo-American Differences Over Blockade Measures, War Cabinet Memorandum W.P. (44) 206, CAB 66/49.

that Britain could ill afford to be identified with the American sanctions. On 19, April, the War Cabinet approved Selborne's proposal that the Allies try to purchase SKF's entire output for 1944.[33] The State Department was reluctant to lose British support. It replied on the 22nd that it had already abandoned plans to threaten Sweden in favour of an approach "somewhat similar to that proposed by Lord Selborne." Washington despatched a mission, headed by former motion picture executive Stanton Griffis, to negotiate with the SKF management:[34]

During the interval between delivery of the Allied dêmarche and Griffis' arrival in Sweden in early May, Wallenburg conducted preliminary negotiations with SKF management. He informed the M.E.W. that if the company were to come to terms with the Allies, it would probably insist on Allied purchases amounting to 100 million Kr. (about £6 million). To compensate it for bomb damage to its German subsidiary's holdings.[35] Wallenburg doubted that even this compensation would induce the company to withhold all shipments to Germany. He suggested that the Allies would be more successful if they were to press for a drastic reduction rather than for the complete termination

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[33]War Cabinet minute, 19 April 1944, WM(44) 52 CAB 65/49. F.R.U.S. 1944, Vol. IV, pp. 515-17.

[34]F.R.U.S. 1944, Vol. IV, p. 521.

[35]Mallet - Foot, 29 April 1944 tel. 402 ARFAR, FO 371/43452/N273.

of bearing exports. He advised the Allies that rubber shipments might be an effective means of inducing Stockholm to ignore its trade agreement with Berlin. Sweden depended upon Germany for buna (synthetic rubber) after Washington had suspended rubber exports in 1942. Stockholm feared Germany would cut off buna shipments in retaliation for a bearing embargo. Wallenburg believed the Swedish government would not only cease its opposition to an embargo but might also exert pressure on SKF if the Allies were to supply rubber. He also advised the British to mount an "unofficial but powerful" press campaign against SKF (but not against the Swedish government or people).[36]

The M.E.W. agreed broadly with Wallenburg's advice. It was willing to give SKF 100 million Kr. in return for a total embargo on bearing exports, and pressed the Treasury to finance part of this bargain. Although the U.S. government nominally empowered Griffis to use unlimited funds to reach an agreement with SKF, the State Department insisted that London share part of the cost. Sir John Anderson, the Chancellor of the Exchequer, balked at the prospect of spending a large sum to bribe SKF. However, he agreed with the arrangement once Lord Selborne explained that the Roosevelt administration might be embarrassed if Congress were to learn that it had spent $80 million to prevent a neutral firm from trading with

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[36] Ibid.

the enemy.[37] Moreover, American "critics of this country" would find valuable propaganda in the fact that Britain had proposed a financial bargain with SKF but left Washington to pay the expenses. Both Selborne and Anderson hoped the Americans would take into consideration Britain's past purchases which totalled £2½ million.[38]

Both the M.E.W. and the Foreign Office were wary of launching an unofficial press campaign against SKF for fear it would "get out of hand" once the American press became involved with it.[39] Sensational American press coverage might attack Sweden in general rather than SKF. Instead of implementing a press campaign, the M.E.W. advised Wallenburg to tell SKF that London had restrained Washington from blacklisting the firm, but would support sanctions in the future if it did not accommodate the Allies. The Foreign Office doubted that an offer of rubber would prompt the Swedish government to accept the Allied demands, but decided to ask the Americans to release a rubber consignment from their strategic commodity pool.[40]

Griffis and his delegation arrived in Sweden on 9 May. Three days later, SKF accepted the first Allied demand for a suspension of all shipments of bearings and

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[37]Selborne to Anderson, 25 April 1944 letter, FO 837/914.

[38]Anderson to Selborne, 1 May 1944 letter, FO 837/914.

[39]M.E.W. to Mallet, 1 May 1944 tel. 440 ARFAR, FO 837/914.

[40]Nutting, 3 May 1944 minute, FO 371/4352/N2739; Nutting, 7 May 1944 minute, FO 371/4352/N2898.

machinery for the duration of the negotiations. This temporary export stoppage, which lasted until 12 June, was a de facto embargo similar to that originally demanded by the Allies. The company did not make even token deliveries to allay German suspicions. The Swedish government, however, was concerned over Berlin's possible reaction, as bearings accumulated in Gothenburg warehouses (before the embargo 1800 bearings were exported daily).[41] However, the Anglo-American negotiators failed to make further headway with SKF's management during the fortnight following this concession. The impasse was partly due to Griffis' and the U.S. government's abrasive behaviour. The Americans issued indiscriminate threats and generated a lurid publicity campaign against Sweden.[42] This activity transformed what London had intended to be a purely commercial transaction into an embroiled debate over Sweden's neutrality. Alexandria Kollontai, the Soviet minister to Sweden, remarked that the ball bearing negotiations had become "a matter of petty prestige on both sides."[43] The Swedes were wary of drastically reducing exports to Germany, Sweden's only important trading partner, while the duration of hostilities remained

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[41] War History Report of the American Legation at Stockholm, 20 February 1946, National Archives R.G. 59/124, 586/2-2046.

[42] Some publications gave the affair an aura of glamour and intrigue by dubbing the negotiators as "Allied agents", "Drama in Stockholm", Newsweek, 22 May 1944, pp.57-8.

[43] Mallet to M.E.W., 22 May 1944 tel. 487 ARFAR, FO 837/914.

unknown.[44]

The British were disturbed by the American tactics. The B.B.C.'s political correspondent in Stockholm loudly ridiculed U.S. diplomats' lack of "finesse" while having lunch at Stockholm's Carlton Hotel with Alfred Oate, the foreign editor of Svenska Dagbladet.[45] Wallenburg, Mallet and the M.E.W. had hoped the negotiations with SKF would be strictly confidential. However, someone in the U.S. legation regularly "leaked" information to U.S. journalists, who would cable details to their home newspapers "within two hours" after the end of each negotiating session.[46] An unidentified official in the State Department disclosed significant portions of the War Trade Agreement. This revelation embarrassed the Swedish government, which had been anxious to keep the Agreement secret from Berlin since it did not want the Germans to think Sweden had reduced exports out of deference to Allied pressure. Stockholm had refused German demands for increased trade during the winter of 1943-44 on 'technical' grounds, such as limited productive capacity and labour shortages. Drew Pearson, the prominent

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[44]Erik Boheman, På vakt, 1964, Stockholm Norstedts, pp. 269-70.

[45]His remark was heard by the U.S. press attache and by other journalists in the dining room, Gordon Knox to Christian Randval, Counselor, U.S. Legation, 5 June 1944, Hershell V. Johnson papers, Harry S. Truman Library, Independence, Missouri.

[46]Nutting, 10 May 1944 minute, FO 371/43452/N2931.

Washington political columnist, created considerable resentment in the Swedish government by asserting that Sweden should recall its minister to Britain, Björn Prytz, because he had been Managing Director of SKF between 1919-1937, and was actively undermining the Allied blockade of Germany. Mallet observed that articles such as Pearson's were "tending to discredit the whole Allied case and to convince the public that the Allies are out to pick a quarrel with Sweden at all costs."[47]

Griffis' own negotiating methods also contributed to the impasse. He had no authority to accept a compromise from the company, and therefore rejected Swedish suggestions for a reduction rather than the termination of exports. SKF management insisted that only a small percentage of its exports were 'aircraft bearings,' which could be classified as war material, and offered to suspend deliveries of these types. Griffis and Waring asserted that no specific type of bearing was used exclusively for aircraft manufacture since larger sizes were also militarily valuable. They maintained that 95% of SKF's exports should be classified as war material.[48] The company argued that it could not impose a complete embargo without obtaining approval from the Swedish government. The government reiterated that it could not break a binding contract with

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[47]Mallet - Selborne, 15 May 1944 despatch 264, FO 371/43453/N293.

[48]Mallet - M.E.W., 22 May 1944 telegram 484 Arfar, FO 371/43453/N3186.

Germany. Waring and other British officials felt the Allies might have to moderate their demands to accept either an embargo on exports to all belligerents or simply a sharp reduction in exports to Germany. However, Griffis reacted to Swedish recalcitrance by threatening to black-list SKF. Both Mallet and Hamberg admitted privately that Griffis was an exceptionally poor negotiator who knew little about ball bearings and who added nothing new to the negotiations which could help break the impasse.[49] When talking to Swedes, Griffis repeatedly took a ball bearing from his pocket - a ball bearing supposedly from a German fighter - and virtually charged that SKF was an accessory to the murder of American pilots: "You are selling your ball bearings to Hitler...We had to pay with one hundred and sixty eight planes and one thousand, six hundred and eighty men. That was what your ball bearings cost us."[50]

When he failed to stir the company's conscience, Griffis contemplated other methods of persuasion. He unsuccessfully attempted to organize a plot with an O.S.S. officer in Stockholm to infiltrate the SKF works and Swedish railways with agents who would provoke strikes and sabotage. Johnson foiled this potentially embarrassing scheme by threatening to declare the officer persona non

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[49]Sir V. Mallet, memoirs, unpublished manuscript, Churchill College Library, Cambridge, p. 135; Fritz, op. cit., p. 21, n.21.

[50]Kurt Singer, "The Riddle of Sweden's Ball Bearings," News Background Inc. Newsletter Report No. 12, 6 June 1944.

grata in Sweden.[51] Griffis also hoped to intimidate SKF by asking Washington to sequester remittances from the firm's American subsidiary. He believed the subsidiary's earnings amounted to 90% of SKF's profits.[52]

U.S. pressure tactics did not resolve the impasse with SKF. Regardless of what profits the company might have earned from its U.S. subsidiary, it prospered from its trade with Germany. In May, its shareholders received a 24% dividend. SKF owned a considerable share of major firms such as Bofors and Volvo.[53] As of December 1943, 123 million of its 260 million kroner assets consisted of bank deposits and cash on hand. SKF had become a creditor to several banks. The firm feared that its European holdings might be confiscated if all shipments to Germany and its occupied territories were stopped. Moreover, an embargo would entail a drastic reduction in production and revenues since its exports to occupied and satellite states (8 million Kr.) was greater than its sales within

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[51]R. Harris Smith, O.S.S.: The Secret History of America's First Central Intelligence Agency (Berkeley: University of California Press, 1972), p. 200.

[52]John Scott, Time, Incorporated, 25 May 1944 despatch, Hershell V. Johnson papers.

[53]M.E.W. - Mallet, 5 May 1944 tel. 449 Arfar, FO 837/914. There is no evidence to support Griffis' contention. Fritz states that the values of the share capital in the German and U.S. subsidiaries were 26 million and 28 million Kr. respectively, but does not compare the profits which the parent company earned from these holdings. Fritz, op. cit., p. 23. Griffis' figure was probably exaggerated since SKF owned 54 overseas factories in other countries, such as Britain, Canada, and the U.S.S.R.

the Swedish market.[54]

Griffis' and Washington's bellicose attitude towards Sweden during the Spring of 1944 strengthened the Swedish government's unwillingness to expedite an agreement between SKF and the Allies. Stockholm did not fear postwar sanctions, since the Swedes were confident that the Allies would be too anxious to resume trade with Sweden to maintain their blacklists against Swedish firms for long.[55] However, Swedish officials were apprehensive of German reaction to a bearing embargo. Boheman informed Mallet and Johnson that the ball bearing negotiations were being observed closely by Hitler and Ribbentrop. During an interview with Günther, Dr. Hans Thomson, the German minister, alluded to the Wehrmacht's ordinance maps of Sweden which had been confiscated in April.[56] Thomson hinted that a German invasion of Sweden was possible if the Swedes gave in to the Allies. Johnson reported that the Swedes believed that

> whatever action might be taken by Germany against Sweden would not be because of the loss of a given amount of ball bearings but because such a decision by the Swedes would be regarded by the Germans as a definite pro-Allied move and the beginning of a breach of their northern counter-invasion defences.[57]

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[54]Fritz, op. cit., p. 23.

[55]Mallet to Selborne, 23 May 1944 despatch, FO 837/914.

[56]Mallet to F.O., 28 April 1944 telegram 499, FO 371/42452/N2604; F.R.U.S., 1944, Vol. IV., op. cit., p. 503.

[57]F.R.U.S., 1944, Vol. IV, op. cit., p. 540.

To some extent, Stockholm shared Berlin's fear that the ball bearing negotiations would lead to Allied pressure for sweeping diplomatic and military concessions. Boheman told Mallet that he suspected the Allies would not be satisfied until Swedish-German relations had been ruptured completely. He believed that London and Washington would press Stockholm for air based onced the ball bearing question had been resolved.[58] Much of this Swedish and German speculation about Allied motives was undoubtedly fostered by Graffham. One American press account of Griffis' discussions with the SKF clearly suggested that there was a connexion between the negotiation in Gothenburg and in imminent Allied invasion of Scandinavia:

> The coming third invasion of Europe...will be decisive in the battle over ball bearings. Allied troops in Finland, Denmark, or Norway will naturally put an end to the ball bearing trade, and there is always the strong chance that a new invasion force may take a short cut direct to Germany.[59]

Throughout the negotiations, Madame Kollontai had advised Mallet, Johnson, and Griffis to compromise with SKF, and defer pressure for a more sweeping concession

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[58]Mallet to M.E.W., 22 May 1944 telegram 484 ARFAR, FO 371/43453/N3186.

[59]Singer, op. cit.

until after the Allies had scored military successes in Europe. By late May, Griffis was willing to agree to a temporary reduction of bearing exports. On the 26th, Griffis and Waring tentatively approved of a proposal from SKF. Under its terms, the total embargo would remain in force until 5 June, no aircraft bearings would be exported to Germany, shipments of other bearings to Germany between June and December 1944 would be made in instalments amounting to 1,518,000 Kr. a month, and exports between June and 31 August would be reduced to half this figure.[60] The undelivered balance from the summer months would be exported in instalments during the remainder of the year. Mallet and Waring felt the proposal was the best bargain that the Allies could secure under the circumstances and advised London to accept it. Griffis was not empowered to conclude an agreement for anything less than a total embargo, and referred the proposal to Washington. Without consulting their British colleagues, Griffis and Johnson asked the State Department to approve the company's offer in principle, but to reserve full approval until the Swedes had made additional concessions.[61] Griffis wanted to extend SKF's partial embargo until the end of September, and to reduce exports by 80% instead of 50% during this period. Johnson believed threats and publicity had hastened SKF's proposal. He maintained the U.S. had to

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[60] F.R.U.S. 1944, Vol. IV, op. cit., pp. 554-6.

[61] Medlicott, op. cit., p. 488.

secure a more substantial concession from the company to prevent their diplomacy losing credibility: "If...all we could show for our efforts were a result so far removed from complete embargo, then these threats may well lose force for any future demands that may be made."[62]

Progress in the ball bearing negotiations was stalled once the U.S. government began to deliberate SKF's proposal. The War and Navy Departments wanted to reject it and impose sanctions against Sweden for SKF's failure to comply with the original Allied demand. Dingle Foot travelled to Washington to expedite an agreement with the company. He hoped to enlighten the Americans by reiterating the M.E.W. view that excessive Allied pressure would prompt Sweden to abrogate or fail to enforce the War Trade Agreement. He stressed that an interim agreement with the company would not prevent the Allies from approaching the Swedish government for more substantial concessions later in the year. Upon his arrival Foot discovered that his arguments failed to impress the Americans. Navy Secretary James Forrestal was influenced strongly by his advisor, Captain Puleston, a biographer of Admiral Mahan, the naval historian and strategist. Forrestal believed the British had become incompetent at exerting economic pressure against neutrals, and had failed to exploit British sea power effectively.

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[62] F.R.U.S., 1944, Vol. IV., op. cit., p. 559.

During an interdepartmental meeting attended by forty senior U.S. officials, Foot observed that American reactions were "not logical but emotional."[63] Patterson interjected that he "had heard somewhere" that SKF was largely German owned. A Navy Department official charged that London had informed Washington in 1943 that it had purchased SKF's entire aircraft bearing output. A representative of the Treasury Department felt Sweden should be punished because "it was intolerable that the Swedish Government should dare to refuse any request made by the United States."[64] The State Department's representatives did not openly contradict their colleagues although they sympathized privately with Foot's attitude.

On 5 June, Patterson and Navy Secretary Forrestal held a meeting with Under Secretary of State Stettinius to press him to invoke sanctions against Sweden. Before the meeting convened however, Stettinius instructed Griffis to make a counter proposal to SKF. He did so to demonstrate to the service departments that the State Department could secure a more satisfactory arrangement by negotiation than by extortion. On 8 June, SKF accepted terms which had been drafted by Waring and Wallenburg. The partial embargo would be extended to 12 October, during which time monthly exports would be limited to 470,000 Kr. The British and

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[63] Foot - Selborne, 3 June 1944 letter, FO 837/916.

[64] Ibid.

U.S. governments would compensate the company with orders totalling 10,272,420 kroner.[65] The War and Navy Departments were dissatisfied with this arrangement and urged the State Department to reject it. They demanded Griffis' recall, and pressed for punitive measures against Sweden such as impounding Swedish ships in Allied harbours, freezing Swedish assets in the United States, and stopping the Gothenburg traffic.[66] However, the State Department instructed Johnson and Griffis to conclude an agreement with SKF on 12 June, on the understanding that Washington was free to issue new demands in the future.[67]

In retrospect, it would appear that the Allied effort to curtail Germany's bearing imports did not effect greatly the outcome of the war. During 1943, German industry produced an average of 2,127 aircraft and 1,005 tanks per month. In January 1944, these figures were 2,445 and 1,286 respectively. By July, production had risen to 4,219 aircraft and 1,669 tanks. In December, these figures stood at 3,155 and 1,854 respectively.[68] If the air raids, the May embargo, and the subsequent export reduction had

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[65]Medlicott, op. cit., p. 491; Hamberg to Griffis and Waring, 8 June 1944; Griffis and Waring to Hamberg, 9 June 1944, enclosure Mallet - M.E.W., 14 June despatch 162EW, FO 837/916.

[66]Foot - Selborne, 8 June 1944 letter, FO 837/916; Foot - Mallet, 30 June 1944 letter, FO 837/916.

[67]F.R.U.S., 1944, Vol. IV, op. cit., pp. 566-70.

[68]Fritz, op. cit., p. 34.

been effective, the Germans would not have been able to increase fighter production from a monthly average of 978 in 1943 to 3,375 in September 1944. Part of the German success can be explained by Speer's drastic reorganization of the German economy, the clandestine reconstruction and dispersal of ball bearing factories, and the redesigning of equipment to require fewer bearings. Although bearing production in greater Germany declined from 9.1 million bearings in July 1943 to 3.8 million in January 1944, output in October 1944 was 8.8 million, slightly more than the monthly average for January to June 1943.[69] Berlin welcomed Swedish bearings but was concerned mainly about the political rather than the economic ramifications of the Anglo-U.S. negotiations with SKF. It suspended buna deliveries in early July in retaliation for Sweden's yielding to Allied pressure. The Germans were more anxious to receive ball bearing steel from SKF. Swedish exports satisfied 25% of the Schweinfurt factory's steel requirements in 1943. The Allies did not think ball bearing steel was particularly important to Germany, and therefore did not include it in the War Trade Agreement.[70] Thus, SKF was free to increase steel exports to Germany in 1944 without violating its commitments to the Allies.

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[69] Ibid., p. 31.

[70] Stockholm did not record ball bearing steel separately in its trade statistics. Such exports were included amongst relatively innocuous ones which the Allies felt were unimportant to Germany. Ibid., p. 25.

SKF's total exports to Germany during 1944 were only reduced by 13%, and not by the nearly 50% as the Allies believed. The Americans asked for the elimination of steel exports in the aide-mémoire of 13th April, but did not press the issue during Griffis' negotiations, concentrating instead on ball bearing exports.[71] The Americans did not ask for ball bearing steel statistics until June. They were apparently satisfied when the Swedes replied that such statistics did not exist, and that bearing steel shipments were recorded as part of another export category. The agreement of 12 June did not cover ball bearing steel, and SKF continued to make substantial steel deliveries in November and December, in spite of the total embargo placed on bearing exports on 12 October. The company's total steel exports for 1944 amounted to 21,000 tons at a value of 15.2 million kroner.[72]

"MAXIMUM EFFORT", JULY - SEPTEMBER 1944

The conclusion of the agreement with SKF prompted the U.S. government to intensify pressure on Sweden. On 12 July, Griffis told an interdepartmental meeting in Washington that although the Swedes recognized that the Allies were winning the war, they would "go on trading

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[71] F.R.U.S., 1944, Vol. IV, op. cit., p. 486.

[72] Fritz, op. cit., p. 32.

with Germany and making profits to the end."[73] Most U.S. officials contended that further negotiations to reduce Swedish trade were pointless in view of past Swedish intransigence. The meeting concluded, therefore, that the Allies should press Stockholm to halt all exports to Germany immediately.

The Ameicans did not contemplate offering Sweden a quid pro quo in return for an embargo on Germany, but intended to apply sanctions if the Swedes refused to comply.[74] Some officials in the State Department believed the Swedes were so preoccupied with profits that the mere threat of a postwar blacklist against Swedish firms would force Stockholm to yield to Allied demands. The Americans were no longer willing to take account of Britain's interests. In their opinion, Britain's lack of assertiveness had weakened American bargaining power towards Sweden. Washington intended to become the prime mover behind Allied policy towards Sweden and resolved to overcome any obstacle which the British might put in its way.

London, on the other hand, was reasonably satisfied with Sweden's behaviour. Foot thought Griffis and Waring had done "pretty well" in securing a partial bearing embargo until October.[75] Foot and other members of the

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[73]U.S. War Department, Policy and Plans Division, 12 July 1944, Memorandum of interdepartmental meeting, R.G. 165 OPD (12 Jul. 44) 334.8.

[74]F.R.U.S., 1944, Vol. IV, op. cit., p. 579.

[75]Foot - Secretary, Chiefs of Staff Committee, 3 July 1944 letter, CAB 122/914.

M.E.W. believed Sweden had accommodated the Allies as far as was possible, and could not be expected to grant new concessions before Germany had suffered major defeats in the East and West. The Foreign Office appreciated Sweden's vulnerability to economic reprisals from Berlin. The Swedes would be obliged to export exclusively with Germany in order to obtain essential imports as long as the German occupation of Norway prevented trade with the West. Sweden's isolation and dependence would prevent Stockholm from imposing a total embargo on Germany. Foot assumed the Swedes would sever gradually all commercial ties with Germany as the Allies became more successful in Europe. During informal discussions with Hägglof in early July, Foot learned that Stockholm might be willing to prohibit Swedish ships from sailing to Germany if military action made the Baltic unsafe for shipping. However, the M.E.W. expected that Stockholm would refuse a stern demand for immediate cessation of exports. Therefore, Allied threats would not prevent Stockholm from rejecting a demand for an embargo. Once the Swedes had rebuffed the Allies, Washington would have the choice of imposing sanctions or losing credibility. The M.E.W. reiterated its fears that pressure tactics might result in Swedish abrogation of the War Trade Agreement. It maintained this argument throughout the summer of 1944, by which time German defeats in the East and in France made this possibility unlikely.

Although London was satisfied with the outcome of the bearing question, British officials feared that Griffis' agreement with SKF would prompt the extremists in

Washington to propose that the Allies issue more sweeping demands of Sweden. The Foreign Office and M.E.W. were disturbed by American behaviour during the negotiations with SKF, and feared that Washington would be even more tactless, uncompromising, and unreceptive to British advice in making future representations to Stockholm. However, they also believed that the Americans would act unilaterally against Sweden if London refused to endorse further U.S. proposals.[76] Therefore, London sought to encourage the Americans to compromise with Stockholm by elaborating upon how unyielding pressure to terminate Swedish-German trade threatened vital Allied interests in Sweden.[77] British arguments in this context did not emphasize London's anxiety to initiate negotiations of a new Anglo-Swedish payments agreement or postwar timber purchases, but stressed instead Sweden's strategic value to the Allied war effort. The M.E.W. hoped that a military rationale for moderation towards Sweden would induce the State Department, and possibly the War and Navy Departments, to reconsider U.S. policy.

During a brief visit to Washington, Foot persuaded U.S. Under Secretary of State Stettinius to agree, on 14 May, that the State Department would consider Britain's military interests in Scandinavia before issuing further economic

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[76]Galsworthy, 9 July 1944 minute, FO 371/43487/ N4288.

[77]Warner, 7 July 1944 minute, FO 371/43503/ N8207.

demands on the Swedes.[78] Foot also advised General Macready and Sir John Dill, of the Joint Staff Mission in Washington, to enlighten the U.S. Joint Chiefs of Staff on the strategic hazards which were inherent in a harsh policy towards Sweden. In early June, Foot asked the Joint Planning Staff to prepare a paper which would elaborate upon the conflicts between U.S. economic warfare policy and Britain's strategic interests.[79] The M.E.W. hoped that a new American initiative might be delayed while the Anglo-U.S. Combined Chiefs of Staff debated Sweden's strategic value.

At the time of Foot's agreement with Stettinius, Britain's foremost strategic concern in Sweden was the diplomatic deception, Graffham. Mallet and Group Captain Maycock also proposed tentatively, during informal meetings with members of the Swedish air staff, that the Swedes repatriate interned Allied airmen. Moreover, some members of the Joint Planning Staff and the Air Staff hoped to establish 'operational facilities' in Sweden. However, the Foreign Office treated these issues as matters of secondary importance. London instructed Mallet to curtail his legation's Graffham activities in early May. The Foreign Office ordered Mallet to cease all discussions about repatriating aircrews when it learned that Mallet, without

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[78]Foot - Selborne, 12 June 1944 letter, FO 837/916.

[79]Chiefs of Staff to J.S.M., 27 July 1944 memorandum COS(44) 604(O), CAB 122/914.

consulting London, had offered the Swedes, in early July, Spitfires in exchange for the interned personnel.[80] The approach for operational facilities was postponed in deference to the American insistance on London's undivided support for economic warfare.

Foot's contention that a cautious policy towards Stockholm was vital to the Allied war effort lacked substance until Sweden became a valuable source of intelligence about German missile experiments in the summer of 1944. A V-2 rocket malfunctioned after launching from Peenemünde testing range on the Baltic and landed without exploding in southern Sweden on 13 June. Britain despatched technicians to Sweden to examine the missile but the Swedish Foreign Ministry refused to let the British near the weapon. Several Swedes attempted to sell the British legation information about the V-2. In one instance, Captain Denham, the naval attaché, was approached by Major Peterson, a Swedish intelligence officer, offering details of Germany's V-3 and V-4 missile research projects, as well as the V-2, in exchange for the Allied military plans concerning Norway.[81] The British refused to bargain, appealing instead to senior Swedish officials' humanitarian instincts. General Nordinskiöld allowed British experts access to the missile on 17 July. On the following day,

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[80]Chapter Six.

[81]Denham to Director of Naval Intelligence, 12 July 1944 telegram 0.21737, enclosed in War Cabinet to Foreign Office, 14 July 1944 memorandum, FO 371/43504/N4807.

Mallet persuaded Günther to agree to let the British dismantle and transport the V-2 to Britain for more detailed evaluation.[82] This gesture, along with data and components of another missile which were smuggled from Poland, enabled the 'boffins' at Farnborough to estimate accurately, by late August, the V-2's characteristics and capabilities.[83]

Foot's understanding with Stettinius did not alter the U.S. government's attitude towards Sweden. On 12 July, the interdepartmental meeting which had been held to assess the agreement with SKF accepted a proposal advanced by Griffis, and supported by Patterson and Forrestal, to press Sweden for an immediate and total embargo of exports to Germany. Leo Crowely, the head of the Foreign Economic Administration, goaded the State Department to endorse the resolution by stating that "every effort" should be made to capitalize on Hull's address of 9 April.[84] Griffis told Patterson that London would cooperate in this initiative since Mallet and Waring supported him fully after being initially "lukewarm" at his tactics in Stockholm.[85] Patterson insisted that London should be given two weeks to endorse an American approach to Sweden. At the end of

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[82]Mallet, Memoirs, op. cit., p. 147.

[83]Churchill, The Second World War, Vol. VI (New York: Houghton Mifflin, 1953; Bantam edition, 1962), p. 44.

[84]Maurice Matloff, Strategic Planning for Coalition Warfare 1943-44 (Washington: G.P.O., 1959), p. 506.

[85]War Department memorandum (12 Jul. 44), op. cit.

this period, a démarche would be presented to the Swedes with or without British concurrence.

Although the State Department accepted this proposal, some officials privately questioned the need for such action. In a letter of 10 July to Secretary of War Stimson, Secretary of State Hull stated that Patterson underestimated Allied progress by diplomatic means towards eliminating Germany's imports. He expressed concern that the action proposed by Patterson would adversely affect other aspects of American relations with Sweden. Presumably, these were intelligence activities in Sweden, and the efforts by the American legation in Stockholm to promote American postwar exports to Sweden. Hull added that a harsh policy towards Sweden might create friction with the British government,

> You will appreciate I am sure that in the conduct of economic warfare measures directed at the neutrals, it is essential that they be conducted on a basis of a united front between this country and Great Britain. Give and take is required in maintaining such a united front.[86]

On 13 July, Hull requested Britain's full cooperation in taking "early and drastic steps...to eliminate all Swedish trade with the enemy, using all pressures at our disposal."[87] The Allies would present Sweden a

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[86]Hull to Stimson, 10 July 1944 letter, R.G. 165, OPD336 (10, 7, 1944).

[87]F.R.U.S., 1944, Vol. IV, op. cit., pp. 578-9.

joint démarche specifically threatening economic reprisals if Sweden failed to respond to American demands. Hull added that "this government regards the matter as so pressing that we may feel compelled to proceed alone if British concurrence can not be obtained with the very near future." The War Department prompted Roosevelt to despatch a personal telegram urging the Prime Minister to "get behind the matter personally" in overcoming possible Foreign Office opposition to the American proposals.[88]

The strident and unyielding nature of the American attitude disturbed British officials. Washington might unilaterally issue "an ultimatum" to Stockholm "at any moment," thereby eroding Britain's influence.[89] Lord Selborne therefore advised Eden, to "agree in principle" with the desirability of achieving Washington's professed aim, while dissuading the Americans from "placing themselves, and ourselves for that matter, in a position from which they must either accept a rebuff or proceed to extreme measures."[90] Selborne recommended that Eden should ask Washington to support the policy which the M.E.W. formulated after Foot's talks with Hägglöf. The withdrawal of Swedish shipping from the Baltic would be the first and most important step in this direction.

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[88]Roosevelt to Churchill, 14 July 1944 personal telegram 7.1447A/4, FO 371/43464/N4510.

[89]Warner, 19 July 1944 minute, FO 371/43464/N4509.

[90]Selborne to Eden, 18 July 1944 letter, FO 371/43464/N4509.

Selborne also advanced Foot's proposal to offer coal supplies to the Swedes, in order to make the Swedes more accommodating. He maintained that the Soviets would have to be consulted because of their interest in establishing trade with Sweden as soon as hostilities in Finland had ended. The Minister of Economic Warfare felt that it was "by no means certain"[91] that the Russians would want to join the Western Allies in imposing sanctions against Sweden.

On 18 July, the Foreign Office received the Joint Planning Staff's study. The Joint Planners concluded that the deception plans and 'operational facilities' would not affect the outcome of the war greatly. The cessation of Swedish exports would also be of negligible value to the Allied war effort.[92] The Joint Planners stated that the withdrawal of Swedish shipping would be the only concession which would diminish Germany's strength significantly. The Chiefs of Staff informed the Foreign Office, that, if necessary, they would exaggerate the importance of the deceptions and operational facilities in order to present a stronger case with their American counterparts.[93]

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[91] Ibid.

[92] Chiefs of Staff, 18 July 1944 minute COS (44) 239 meeting CAB 122/914; Joint Planning Staff paper, J.P. (44) 105 (Final), FO 371/43464/N4508.

[93] Hollis to Eden, 18 July 1944 letter, FO 371/43464/N4508.

The Americans' 'maximum effort' proposal disturbed other quarters in London who were not concerned directly with economic warfare. Chancellor of the Exchequer Sir John Anderson advised Eden to consider the impending payments negotiations carefully before committing Britain to a new Allied initiative towards Sweden.[94] The Board of Trade and Ministry of Supply expressed similar reservations. Major General Hollis, the Secretary to the Chiefs of Staff Committee, presented the strongest case for caution towards Stockholm by stressing Mallet's efforts to secure British access to the V-2: "it is of the highest importance that our relations with the Swedes are such that they will co-operate in giving us full facilities to examine the mechanism of this missile."[95]

Eden's reply stressed the strategic reasons for 'understanding' while playing down British economic interests in Sweden. He argued that Stockholm would be more accommodating towards a less strident Allied approach.

> ...if they [the Swedes] were to accede to our demands they would obviously wish it were to appear that they had cut trade with the Axis of their own accord and not because a pistol had been put to their heads by the Allies.[96]

Eden proposed that the Allies should concentrate on securing the withdrawal of Swedish shipping from service

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[94]Anderson to Eden, 19 July 1944 letter, FO 371/43464/N4509.

[95]Hollis, op. cit.,

[96]Eden to Winant, 27 July 1944 letter, FO 371/43472/N4821.

in the Baltic. The Joint Planning Staff believed Swedish vessels contributed 360,000 gross tons of the 1,100,000 tons available to Germany, the withdrawal of which would result in 'disastrous' consequences for the Germans. Berlin would experience great difficulty in procuring adequate tonnage to evacuate troops from the eastern Baltic while continuing trade with Sweden.[97] The M.E.W. was confident that the Allies would have little difficulty in securing this concession from Stockholm. Hägglöf had indicated his government's willingness to accommodate the Allies on this point. Sweden's commercial agreements with Germany contained, in the words of Erik Boheman, "an excellent loophole," which permitted Sweden to withdraw voluntarily its merchant shipping from waters which were subject to belligerent naval activities.[98] These agreements recognized that under Swedish law, vessels sailing to belligerent ports had to be covered by the Swedish government's war risk insurance. Swedish ships would be obliged to return and remain in Swedish waters if Stockholm cancelled their insurance.

Eden also advised the Americans that no drastic measures should be taken against Sweden without the Soviet Union's approval and active support. Although Moscow was not party to the 1943 Agreement, Eden argued the Russians

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[97] German Movements in Norway, Finland and the Baltic, report by the Joint Intelligence Sub-Committee, 9 August 1944, J.I.C. (44) 347 (0) (Final), CAB 79/79.

[98] Joint Planning Staff paper J.P. (44) 105 (Final), CAB 119/109. Mallet to Foreign Office, 27 July 1944 telegram 839, FO 188/452.

should be consulted because Soviet forces would soon be operating in the eastern Baltic, and Sweden was also mediating a Russo-Finnish armisitice. London felt the Americans might be induced to refrain from employing "battering ram" tactics against Sweden out of deference to Russian opinion, if Moscow was included in future Anglo-American initiatives.[99]

The State Department reluctantly accepted Eden's requests to seek Soviet approval for the proposed démarche, and delay its delivery until the Swedes had withdrawn their shipping from the Baltic "provided they don't procrastinate."[100]

During late July and early August, British representatives to the Allied Combined Chiefs of Staff lobbyed Britain's case for moderation towards Sweden with their American counterparts. The arguments advanced by the British C.O.S. did not influence their American counterparts. Admiral King flatly disbelieved that intelligence gathered in Sweden, even information concerning German rocket bombs, was of any consequence whatever. The British officers were able to convince their American colleagues that the withdrawal of Swedish shipping was the most important economic objective which the Allies could achieve. However, the Americans became impatient with the Swedes in the second

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[99]Warner to Foot, 11 July 1944 letter, FO 837/917.

[100]F.R.U.S., 1944, Vol. IV. p. 592.

week of August. Stockholm had withdrawn only vessels sailing to North Sea ports, which had become hazardous due to Allied bombing and mining of the Kiel Canal and Brunsbuttel locks, but did not prohibit voyages to Baltic ports. Although the withdrawal of sailings to North Sea ports had reduced Swedish ore shipments by approximately 40%, the United States government was indignant over Stockholm's failure to prohibit immediately all voyages to enemy ports: "this country expects and hopes to obtain from Sweden...not action which follows as a consequence of war developments but action which anticipates and helps to shape such developments and shorten the war."[101]

Boheman, Günther, and Wallenburg, whom the Foreign Office referred to as, "our friends in Sweden," attempted to persuade recalcitrant members of the Swedish government to withdraw all shipping. They were unsuccessful, since Swedish ships were still safe in such ports as Stettin. To goad Stockholm, the Chiefs of Staff endorsed a proposal by Admiral Cunningham which would give the Swedes a pretext for complying with Allied wishes, while depriving the Americans of an opportunity to be "more ruthless in their dealings with Sweden."[102] On the night of 16/17 August, the Royal Air Force bombed the port facilities of Stettin and dropped mines in its adjacent waters. This attack was succeeded by another raid by the Eighth Air Force. The Admiralty declared the Baltic a

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[101] Ibid., p. 598.

[102] Cunningham memorandum on Swedish shipping, 12 August 1944, CAB 122/914.

danger zone to neutral shipping on the following day. Prime Minister Hansson issued orders cancelling government war risk insurance for all Swedish shipping in the Baltic on the afternoon of the 18 August. The Swedish cabinet authorized this measure officially on the 21st. Ships currently at sea and in German ports were instructed to return to their home ports as soon as possible. Berlin was threatened with retaliation in kind if the Germans attempted to seize Swedish vessels in Axis harbours.[103] Boheman informed Mallet that it would take 24 days for all ships currently discharging or loading cargoes in Germany to return home. The Ministry of Economic Warfare hailed the Swedish action as a "great blow to enemy shipping resources, depriving the enemy of 465,000 deadweight tons by a single stroke."[104] G.H. Villiers commented that had the U.S. Navy achieved a comparable success in the Pacific, "it would rightly be heralded as a great victory." The M.E.W. estimated that Germany required 2,660,000 tons to carry priority economic and military cargoes during the summer of 1944.[105] The shipping shortage drastically curtailed German iron ore imports. Ore shipments declined

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[103]Martin Fritz, German Steel and Swedish Iron Ore (Gothenburg: Publication of the Institute of Economic History of Gothenburg University 29, Kungsbacka, Elanders, 1974), p. 125.

[104]Villiers to Halifax, 20 August 1944 telegram 1918 ARFAR FO 371/43456/N5045.

[105]Enemy Branch, M.E.W., 31 July 1944, German Requirements in Northern Waters, FO 935/142.

from 808,352 tons in July to 551,486 tons in August (in contrast with 1,101,900 tons in August 1943). By September, the M.E.W. proclaimed that German-Swedish trade was "virtually at a standstill," with the exception of exports via Narvik. Ore exports had fallen to 167,000 tons in September, and the M.E.W. predicted that future exports were unlikely to amount to more than 150,000 tons, reducing Germany's total imports for 1944 to 5 million tons rather than the 7.5 million permitted under the War Trade Agreement.[106]

The State Department, however, regarded the withdrawal of shipping as only a "step in the right direction," and pressed London to proceed with issuing the joint démarche, once Soviet approval was received on 19 August. Johnson and Mallet visited Günther on 24 August to deliver the British-American note and to give separate supplemental oral messages. Before agreeing to deliver the démarche, London stipulated that it redraft the message. The Foreign Office substituted vaguely worded exhortations for the specific demands and threats which were contained in the note's original text. The démarche proclaimed that the Allies expected Sweden to make a "change that is in Sweden's interests as well as of all other free nations,"[107] without

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[106]Enemy Branch, M.E.W., Notes for Economic Intelligence Meeting for week ending 29 September 1944, FO 935/143.

[107]Mallet to Selborne, 24 August 1944 despatch 218 EW/P, FO 371/4357/N5253. F.R.U.S., 1944, Vol. IV, op. cit., pp. 626-7.

explaining what sort of action Sweden was supposed to undertake. Johnson orally informed Günther that the United States wanted Sweden to "take steps which will have a decisive effect upon political and military developments and ultimately upon the outcome of the war itself," before the pace of events made such actions unnecessary. Johnson hinted that the Allies could impose a postwar embargo on Sweden if it failed to comply with their demands; "it's almost inevitable that any country's claim to materials in short supply will be considered in the light of its action during the war." Mallet exhorted Sweden to take an 'open action' against Germany which would be enacted through a public declaration rather than by administrative measures. Madame Kollontai did not join her Western colleagues on the 24th, but visited Günther the following day. Mallet assumed that she had undermined the démarche by giving it only half-hearted support, while expressing her government's satisfaction with the outcome of the shipping question and thanking the Swedes for mediating a Finnish armistice.[108] Mallet warned London to keep in step with the Soviets by not supporting U.S. reprisals, which would probably follow a Swedish rebuff.

The British government was hardly surprised by Günther's formal reply of 4 September which tried to justify Sweden's neutrality but failed to promise any dramatic

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[108]Mallet to M.E.W., 26 August 1944 telegram 765 ARFAR, FO 371/43457/N5749.

action to please the Americans. During the previous week Mallet had advised London to expect a Swedish rebuff. Recent U.S. radio and press reports, which had falsely accused Sweden of supplying arms to Germany, had created widespread indignation towards the Americans. The vague language of the démarche, together with Mallet's and Johnson's rhetoric led some Swedes to suspect that the "open action" which the Allies desired entailed a diplomatic as well as economic break with Germany. In September, the Swedish service chiefs even held a meeting to consider contingency plans in the event that the Allies manoeuvered Sweden into the war.[109] Mallet stated that Sweden's Social Democratic government did not want to alienate working class voters before September's general election by creating unemployment through a prohibition on exports. Most Swedes believed the war would last until at least the summer of 1945. They feared Sweden would not have sufficient supplies on hand to withstand a year of autarchy which would follow the cessation of trade with Germany.[110] Lord Halifax informed London that the State Department was no longer motivated by economic warfare considerations. Some members of the State Department admitted privately that Sweden's exports were insignificant

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[109]Mallet - Warner, 21 September 1944 letter (283/111/44), FO 371/43457/N6074. The question of Swedish intervention in Norway during the final months of the war will be examined in Chapter Nine.

[110]Mallet - M.E.W., 31 August 1944 telegram 780 ARFAR, FO 837/907; Mallet - M.E.W., 2 September 1944 telegram 788 ARFAR, FO 837/913.

and that Washington was more concerned with the symbolic rather than material significance of this trade.[111] In view of the Treasury's and Ministry of Supply's anxiety to secure postwar concessions from Sweden, Halifax urged the Foreign Office to proceed immediately with the payments negotiations. If the United States insisted upon Britain's cooperation in enforcing sanctions against Sweden, Halifax advised Eden to ask them whether they regarded a symbolic gesture from Sweden to be more important than Britain's long-term interests and the preservation of the Anglo-American common front. Sir Orme Sargent rejected Halifax' proposed confrontation as the "common front" was a "double-edged argument" which Washington could also use with some justification against Britain.[112] Moreover, confrontation could harm other areas of Anglo-American cooperation. The Foreign Office decided that if the United States threatened unilateral action against Sweden, Britain could only express "deep regret" but little else, "we shall simply have to drop out of the running and hope that the Americans will not continue alone."[113] It was also decided to delay the payments negotiations, as this action might prompt Washington to

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[111]Halifax to Foreign Office, 5 September 1944 telegram 1880, CAB 122/915.

[112]Sargent to Foot, 28 August 1944 letter, FO 371/43457/N5105.

[113]Ibid.

take sudden measures against Sweden without informing London beforehand.

The State Department attempted to circumvent the Foreign Office when it decided to retaliate against Stockholm's response to the démarche. When Roosevelt and Churchill met during the first session of the second conference at Quebec City, on 13 September, the President casually suggested that Britain support U.S. sanctions against Sweden. Churchill was swayed easily by Roosevelt's suggestion, as he was not acquainted fully with the subtle complexities of Anglo-Swedish relations, and respected neutrals less than enemy belligerents.[114] Sweden had "played a selfish part throughout this war and ought to be made to suffer in the postwar world."[115] The Foreign Office anticipated Churchill's reaction. He favoured Roosevelt's proposal for sanctions in July and only rejected it at the Foreign Office's insistence. Sargent directed the Washington embassy to prepare a nine page memorandum for Eden to show Churchill if the Americans raised the Swedish question at the conference. The memorandum was mainly composed of Mallet's most vehement arguments against sanctions. Some of Mallet's views were not shared entirely by the Foreign Office, but were employed to offset Roosevelt's influence over Churchill. The memo-

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[114] Mallet, Memoirs, op. cit., p. 147. See Chapter Seven.

[115] Churchill to Eden, 13 September 1944 minute, FO 371/43461/N7475.

randum stressed the potential hazards of Soviet encroachment in Sweden and the dangers of the Swedes being drawn into "the Soviet economic system...which would of course entail a loss to British export industries of a valuable market."[116] Churchill withdrew support for Roosevelt's suggestion after the reading the memorandum. Churchill also received a telegram from Lord Selborne which emphasized Sweden's importance as a base for supplying the Danish resistance. After seeing Selborne's telegram, Roosevelt accepted Churchill's decision not to support sanctions, and stated that the Allied difference over Sweden was "not a fundamental one but one of method" which could be resolved at a lower level.[117]

THE SATURNUS SAGA

American behaviour towards Sweden seemed unusually restrained during the weeks following the Quebec conference. The U.S. government appeared to have retreated from its efforts to force Sweden to alter drastically its commercial policy. The Foreign Office hoped that Roosevelt's failure to secure Churchill's support might have caused the Americans to relent in favour of prodding Sweden to grant piecemeal concessions to the Allies. London was satisfied

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[116]British Embassy to 'OCTAGON', 13 September 1944 memorandum, CAB 122/915.

[117]Eden to Sargent, 16 September 1944 telegram 187 GUNFIRE, FO 800/413; Selborne to Eden, 12 September 1944 telegram 234 CORDITE, FO 800/412.

by the discriminatory measures which Sweden sanctioned against Germany during September and early October 1944. The last vestiges of Germany's transit privileges to Finland and Norway were terminated on 4 and 9 September, respectively. Boheman informed Johnson that Nazi war criminals and loot would be prohibited from entering Sweden. On 22 September, the Allies learned that Stockholm had decided to close all Baltic and Bothnian ports to foreign shipping, leaving Gothenburg, Malmö, the Narvik railway, and the Hälsinborg-Helsingør ferry the last entrepôts for Swedish exports to Germany and German-occupied territory.[118] The closure of Sweden's eastern ports to German shipping reduced Germany's ore imports severely. October ore shipments totalled 67,678 tons, which the M.E.W. regarded as negligible. Virtually all Swedish ore was exported via Narvik, where the Swedes refused to allow more than 40,000 tons to be stocked at any one time, despite German pleas for compensation for lost trade in the Baltic. The M.E.W. revised its projected annual ore export total to 4.7 - 4.85 million tons. Stockholm also suspended timber and plywood exports in mid October.[119]

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[118] F.R.U.S. 1944, Vol. IV, pp. 638-40.

[119] Enemy Branch, M.E.W., Notes for Economic Intelligence Meeting, 27 October 1944, FO 935/142. Mitcheson - M.E.W., 14 November 1944 despatch CC.1350, FO 837/915. The Swedish press reported that production at the largest mines in northern Sweden was reduced from 7 to 5 days per week, because of declining exports. Several major sawmills and pulp mills were closed indefinitely. Enemy Branch, M.E.W., Notes..., op. cit.

The Allies expected another difficult confrontation with SKF when the Griffis-Waring agreement expired on 12 October. However, Mallet and Johnson discovered, that the Swedish government had persuaded SKF to cease all bearing exports to Germany. SKF's lawyers had already drafted a bogus Allied ultimatum which threatened the company with postwar blacklisting. The document provided the company with an excuse to plead force majeure.[120] SKF's embargo did not include steel exports but the arrangement satisfied the Allies.[121] Negotiations regarding Allied compensation for SKF continued until July 1945. The M.E.W. hoped the Americans would underwrite most of SKF's losses, but Washington refused to compensate the company for trade lost after 12 October 1944. Foot and Selborne felt "implied commitments" obliged London to indemnify SKF for at least part of its losses during the closing months of the war.[122] The Treasury believed such expenditure was politically inexpedient but eventually agreed to the proposed transaction after Selborne assured Sir John Anderson that London could recover some funds by selling back to SKF bearings which Britain had purchased in 1943. Nevertheless, both ministries sought to avoid public embarrassment by concealing the transaction from the press.

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[120] F.R.U.S., 1944, Vol. IV, op. cit., pp. 638-40; M.E.W.-Halifax, 4 October 1944 telegram 2353, CAB 122/915.

[121] Mallet - M.E.W., 13 October 1944 despatch, FO 837/916.

[122] Selborne - Anderson, 5 December 1944 letter T13/2/29/Z, FO 371/43509/N7679.

Under the settlement of 27 July 1945, Britain paid SKF nearly 12 million Kroner and the United States 6.7 million Kr.[123]

London believed that the Allies would accomplish little by stopping what was left of Swedish-German trade. British officials were anxious to attend to Britain's long term interests. The Foreign Office allowed the Bank of England to open negotiations with the Riksbank in October. However, negotiations concerning timber purchases, UNRRA, and other postwar matters were postponed in deference to Washington.

The Americans remained dissatisfied with Sweden's continued trade with Germany. Washington sought British support in terminating Sweden's remaining exports via Narvik and west coast Swedish ports which were not covered by Stockholm's ban on Baltic shipping. London responded that the closure of Sweden's western ports would undermine the S.O.E.'s efforts to supply the Danish resistance by fast motor boats. The U.S. War and Navy Departments discounted the British argument as having little to do with winning the war. They urged Roosevelt to order unilateral U.S. action to terminate all remaining Swedish exports to Germany. However, the State Department decided it would be easier for the Allies to secure this objective if they asked the Swedes to eliminate only those exports which were considered to be most valuable to the German war effort such as iron

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[123] War History Report. R.G. 59 op. cit.

ore, and reserve action against the more innocuous exports such as paper for a later date. On Johnson's advice, the Department was also prepared to allow the Swedes to terminate these exports without publicity, and in a manner of their own choosing, in return for "favourable consideration of Sweden's urgent supply needs."[124] However, the Department was not prepared to release synthetic rubber, until the Swedes had promised to terminate all shipments to Germany.

On 26 October, Boheman informed Johnson and Mallet that the Swedish Foreign Ministry had succeeded in persuading Swedish exporters to terminate immediately shipments of charcoal, pig iron, cobalt slag, electric machines, motors, and 400 tons of steel.[125] Other items, such as 30,000 tons of iron ore, 3600 tons of iron and steel, 500,000 kroner worth of machine tools, and other goods which had not been specified could still be exported during the balance of 1944, in order to keep the Gothenburg traffic open. Stockholm hoped that the Allies would allow some commerce with Germany to continue in 1945; otherwise, the Germans would probably isolate Sweden after Stockholm's trade agreements with Berlin expired on 1 January 1945.

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[124] F.R.U.S., 1944, Vol. IV, op. cit., p. 650.

[125] Mallet to M.E.W., 27 October 1944 telegram 947 ARFAR, FO 371/43493/N6576; these included all exports of charcoal, pig iron, cobalt slag, electric machines and motors, and 400 tons of steel.

Boheman told the Allied ministers that his government had not made any new trade commitments to Berlin for 1945, and urged the Americans to load 3665 tons of buna (synthetic rubber) and other tyre accessories on the Saturnus, which was scheduled to sail on the last safe conduct voyage of 1944 from New Orleans on 14 November. He said that Stockholm was prepared to be 'rude' to Berlin, but could not afford to provoke German action which would prevent the arrival of the rubber consignment.[126] Without new tyres, Swedish trucks would be unable to haul wood from the forests to produce charcoal and other synthetic fuels. The Swedes would be forced to deplete exportable stockpiles of sawn timber to meet their energy requirements. Boheman warned that the Swedish government might not terminate the remaining exports if the rubber supplies were not forthcoming.

The British government believed Sweden had a just claim on American rubber supplies. Moreover, Britain would be unable to obtain wood products for reconstruction if the Swedes were to make synthetic fuel out of sawn timber, the purchase of which had yet to be negotiated. Negotiations could be difficult if the Swedes were to press London for larger postwar coal deliveries to offset wartime deprivations. The U.S. War and Navy Departments

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[126] F.R.U.S., 1944, Vol. IV, p. 655.

did not share London's concern for Sweden's supply difficulties. They prompted Roosevelt to issue a Presidential order on 4 November impounding the Saturnus until Sweden publicly declared a total trade embargo on Germany. Acting Secretary of State Stettinius tried unsuccessfully to get the President to rescind his order on 10 November. To save face, he adopted a stern attitude towards London and insisted that the U.S. government had acted unilaterally because the British "have not always found it possible for reasons of their own to see eye-to-eye with us."[127] Washington also rejected a compromise proposal by the British which would allow Sweden to receive the rubber supplies in return for a Swedish embargo on Germany once the Saturnus arrived in Gothenburg.[128]

On 15 November, Halifax presented Stettinius with an aide mémoire protesting the unilateral American action which represented "a departure from the policy of a united front which His Majesty's Government greatly deplored" and

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[127] F.R.U.S., 1944, Vol. IV, p. 662; Edward R. Stettinius, The Diaries of Edward R. Stettinius, Jr., 1943-1946, (New York: New View Points, 1975), p. 164; Stimson, 4 November 1944 notes of meeting with President, NA R.G. 165 OPD 336 .009 (SWD) 11, 11, 44.

[128] The U.S. had shipped a minor quantity of rubber to Sweden in early 1944, and this was reported in the U.S. press, creating a "storm of protest in the U.S." Many people wrote angry letters to their congressmen, asking why Sweden received rubber "at a time when the ordinary American citizen was unable to buy tires." Knox - Johnson, 5 January 1945 note, Hershell V. Johnson Papers.

hoped would "not constitute a precedent for similar action in the future."[129] Dingle Foot told John Winant, the U.S. ambassador in London, that the British government felt that Allied pressure on Sweden at this stage in the war was unwarranted as Sweden's exports had been "reduced to insignificant quantities of little or no assistance to the enemy war effort."[130] The Allies were therefore obliged to honour their commitments to compensate the Swedes for their economic sacrifices. In Foot's opinion, Sweden would probably have terminated its exports when its agreements with Berlin expired at the end of the year, but now the Swedes could be provoked into continuing their shipments into 1945, and possibly revoke earlier commitments to the Allies as well. In Washington, Lord Halifax insinuated that the Americans regarded their alliance with Britain as an arrangement in which Britain's opinions and vital interests were less important than Britain's unwavering assistance in achieving American political aims.

> His Majesty's Government cannot ignore the fact that a decision to withhold tyre making supplies for Sweden is likely...to prejudice the procurement of timber that is desperately needed in the United Kingdom...negotiations with the Swedes for the purchase of this

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[129]British embassy to Department of State, 15 November 1944 aide-mémoire, CAB 122/915; Foot to Winant, 16 November 1944 memorandum, FO 371/43461/N7270.

[130]Foot, op. cit.

> timber have been held up ever since May, in compliance with the wishes of the United States authorities.[131]

On 22 November, 1944, Washington proposed a compromise along the lines that the British had originally advanced. On the following day, Boheman informed Mallet and Johnson that his government accepted the proposal "without reservation," and would employ "administrative measures" to restrict shipments to a bare minimum in order to ensure the Saturnus' safe arrival.[132]

The Saturnus departed from New Orleans on 6 December 1944 and entered Gothenburg harbour on the morning of 1 January 1945. Before the ship was loaded, the U.S. supply authorities 'discovered' a rubber shortage, and consigned to Sweden materiel from stocks allocated to Britain in the Allied supply pool. Other sundry items were not immediately available and the Saturnus had to sail without them, in order to reach Gothenburg by New Year's Day. These goods were loaded on the tanker, Falsterbohus, which left New Orleans in the middle of December with a cargo of aviation fuel. The Swedish government was anxious to prevent the Germans from closing the safe conduct traffic after 1 January. Stockholm failed to formally proclaim a suspension of trade with Germany (although ore shipments via Narvik had ceased). Sweden

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[131]British embassy, 15 November 1944 op. cit.

[132]Mallet to M.E.W., 22 November 1944 telegram 1003 ARFAR, FO 371/43461/N7400.

continued a petty barter trade in foodstuffs, forest products, tin, and other goods with Norway and Denmark. Berlin kept the Gothenburg traffic open during the first weeks of January 1945, while the situation remained unclear. In mid-December, the Swedes asked the Allies to allow a trickle of exports to continue after 1 January. Foot strongly supported the Swedish request for the sake of improving Anglo-Swedish relations, as well as of helping to further Swedish relief efforts in Norway and Denmark. The Foreign Office rejected Foot's proposal in spite of its endorsement by exiled Norwegian and Danish officials, on the grounds that it was not "sufficient to justify a difficult battle with the Americans."[133] The U.S. government maintained that Sweden's commitment to sever all trade with Germany included Norway and Denmark as well. Moreover, Patterson insisted that a complete embargo was necessary to prevent smuggling. He cited a report from military intelligence which stated that before the Wehrmacht withdrew from southern France, Germany had received nearly 2 tons of wolfram from Spanish smugglers, in spite of Spain's agreement to stop wolfram exports in June.[134] Washington was incensed to learn of the barter transactions with Sweden's neighbours, regarding them as a

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[133]Haigh to Thorold (M.E.W.), 24 December 1944 letter, FO 371/43476/N7968.

[134]Patterson to Stettinius, letter 30 December 1944, R.G. 165, OPD 009/EPORT/091. SWD(16,12,44).

"flagrant violation of the Saturnus agreement."[135] The State Department threatened to impound the Falsterbohus on the high seas, and that "no guarantee can be given that matters can be withheld from the press." Several Western newspaper stories about Sweden's de facto embargo of Germany appeared, which the Foreign Office believed had been 'leaked' by the State Department. Sweden formally announced the suspension of exports to Germany on 12 January, and the German navy tightened its blockade of the Skagerak. For the duration of the war, Sweden conducted some barter trade with Norway, and made humanitarian shipments to Poland and Holland, after each transaction had been approved on an ad hoc basis by the Allies. Sweden was also able to persuade Germany to allow ten safe conduct vessels to pass through the blockade between January and May.

SUMMARY

London and Washington's differences over their common policy towards Sweden became more pronounced during 1944. The British regarded the 1943 War Trade Agreement, the Griffis-Waring agreement with SKF, and the withdrawal of Swedish shipping from trans-Baltic trade in August 1944 as unqualified successes. The M.E.W. maintained that these undertakings from Stockholm were the best bargains that the Allies could expect to secure from a Sweden which

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[135] F.R.U.S., 1945, Vol. V, op. cit., p. 738.

remained isolated from the Allies and dependent upon Germany. The Americans insisted that the Swedish concessions were merely 'a step in the right direction' towards a complete severance of Swedish-German trade.

London questioned the necessity for a general Swedish embargo of Germany. The M.E.W. had concluded in March, that Sweden's iron ore exports were immaterial to the outcome of the war. In the late autumn, Dingle Foot insisted that what remained of Swedish-German trade benefitted Sweden more than Germany. Throughout 1944, Lord Selborne and Foot asserted that Stockholm would not agree to sever all commercial ties with Germany unless compelled by drastic Allied sanctions. The M.E.W. along with other government bodies such as the Treasury and the Chiefs of Staff feared that an acrimonious confrontation between the Allies and Sweden would undermine British prestige, impede negotiations for a new monetary agreement and other post-war arrangements, and induce the Swedes to withhold the wreckage of a V-2 missile.

Although most British officials were reluctant to endorse Washington's proposals, the Foreign Office maintained that Britain should continue to co-operate with the Americans in order to exert some influence over U.S. policy towards Sweden. Eden and Sargent did not agree with Halifax's proposal that London oppose unreasonable U.S. proposals openly, because Britain required U.S. assistance in other more critical matters such as postwar economic aid. The Foreign Office and M.E.W. hoped that

the experience of dealing with recalcitrant Swedish officials and reasoned British arguments would induce the Americans to compromise with Stockholm. However, the Americans grew impatient with Sweden when the Swedes procrastinated in accepting Allied demands. British arguments only convinced the extremists in the U.S. service departments that Britian was a weak and irresolute ally. Eventually the Americans ignored London's views altogether, and forced Stockholm to suspend all trade with Germany and German occupied territories by impounding the Saturnus and its cargo in November 1944.

The Saturnus affair also served to demonstrate that the United States was the strongest and therefore senior partner in the Alliance. Britain did not possess the economic and military power which the Americans enjoyed. Britain's main strength was its prestige and diplomatic influence which had been acquired before the United States became an important factor in Anglo-Swedish relations. Perhaps the Foreign Office endorsed most American initiatives in hope that Sweden and other small nations would assume that Britain was an equal in the Alliance. Stockholm might be more accommodating in the payments and timber negotiations if the Swedes believed that Britain was still a dynamic force within the Alliance. If Britain wielded considerable influence with Washington, Stockholm might infer that the Americans implicitly approved of Britain's postwar demands even if formal U.S. support was not forthcoming. In spite of London's past

support for its policy, Washington embarrassed the British by demonstrating that they had little influence over Allied economic warfare policy:

> We had always complained in private, but in public we had always largely avoided any appearance of a rift in Allied unity. The United States Government now behaved very differently towards us.[136]

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[136]Sir Llewellyn Woodward, British Foreign Policy in the Second World War, Vol. III (London: H.M.S.O., 1971), p. 463.

CHAPTER SIX

AVIATION, SWEDEN, AND THE COMMON FRONT JUNE 1944 - MAY 1945

Between 1941 and 1943, London displayed an interest in Sweden's defences in order to encourage Swedish resistance to German intimidation. Britain allowed Sweden to import aviation fuel to bolster the Swedes' confidence in their air force's capabilities. However, the British government's professed concern for Sweden's defences stopped short of accommodating the Swedish air staff's informal request for Spitfires in October 1943, although the Air Force's lack of modern fighters was Sweden's most serious military weakness. The Foreign Office did not want to discourage the Swedish air staff's desire to obtain Spitfires entirely, but could not consider a request for Spitfires unless it had been officially approved by the Swedish government.[1] By stipulating that further approaches for Spitfires be made on a diplomatic rather than on an unofficial air staff to air staff basis, the Foreign Office established that the question of transferring British aircraft could be linked with other, as yet undefined, issues during subsequent Anglo-Swedish negotiations. In Nutting's words, the Foreign Office was prepared in principle to supply fighter aircraft "provided we can get

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[1]Chapter Three.

something in return, such as either that they be used against Germany or some other really important concession."[2] However, the Foreign Office did not establish what quid pro quo would have sufficient importance to entitle Sweden to receive Spitfires. The Foreign Office allowed the issue of supplying Spitfires to Sweden to lapse in the autumn of 1943, deferring further deliberation about possible quid pro quos until such time as Stockholm raised the matter again.

However, Allied concern over Sweden's ball bearing exports prompted the British rather than Swedish government to revise the question of furnishing Spitfires officially in March 1944. The Ministry of Economic Warfare learned of the Swedish Air Force's previous requests for British fighters after Gunnar Hägglöf had mentioned the subject casually during a conversation with Dingle Foot in late February. Lord Selborne believed that a British offer to supply aircraft might induce Stockholm to curtail bearing exports to Germany. With the Foreign Office's and Air Ministry's concurrence, Foot informed Hägglöf, on 13 March, that Britain would be prepared to deliver fighter aircraft to Sweden if SKF imposed a ball bearing embargo on Germany during the spring and early summer.[3] Sir Charles Portal, the Chief of Air Staff, had supported the scheme as an

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[2]Nutting, 16 October 1943 minute, FO 371/37133/N/6228.

[3]Chapter Five.

expedient to resolve the ball bearing question before it became embroiled in a protracted diplomatic wrangle between Stockholm and the Allies. However, Portal and the Air Staff were relieved when the Swedish government rejected Foot's proposal on 31 March. They were reluctant to dissipate British fighter strength prior to Overlord and the new Allied offensive in Italy.[4] The Air Ministry did not know whether Britain could spare fighters for delivery to Sweden until July, when an initial consignment of 25 obsolescent Spitfire Mark V's were expected to be withdrawn from operations.[5] The Air Staff had not instructed the Joint Planning Staff to study any technical questions which might have arisen if the Swedes had accepted the proposal, such as the procurement of appropriate aircraft for Sweden, training Swedish pilots and ground crews, or the commercial and diplomatic procedures which would have been required to consummate this transaction. In the wake of the Swedish reply to Foot's proposal, neither the air authorities nor the Foreign Office entertained any further hopes of using Spitfires as 'bait' to entice the Swedes to accommodate Allied wishes on the ball bearing issue.

While the Foreign Office's and air authorities' interest in offering Spitfires to Sweden had diminished by April 1944, informal discussions concerning fighters

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[4]Galsworthy, 20 April 1944 minute, FO 371/43452/N2661.

[5]Cavendish-Bentinck, 6 March 1944 minute, FO 371/43520/N1543.

between the Swedish air staff and British and U.S. officials in Stockholm were becoming more frequent and serious. Swedish approaches to members of the British legation did not alter London's attitude towards this question, but they did stimulate the U.S. War Department to initiate further contacts with the Swedish air officers. The outcome of these Swedish-American exchanges in November would surprise the Foreign Office greatly and give British officials cause to ponder a very different and unexpected aspect of Washington's attitude towards Sweden.

DECEPTIONS, INTERNEES, ATTACHÉS, AND SUSPICIONS, APRIL - JULY 1944

The British legation's and London Controlling Section's proposals for offering Spitfires to embellish the Graffham deception was referred to briefly in Chapter Three. It is now necessary to examine this episode in more detail in order to understand how U.S. officials developed contacts with the Swedish air staff and were able to exploit the latter's desire for modern fighters.

During April, an Air Commodore, H.N. Thornton, who was temporarily promoted to Air Vice Marshal for Graffham purposes, visited Stockholm to create the impression that the Allies were concerned about Sweden's air defences prior to an assault on Norway. He discussed details of Sweden's air bases with the Swedish air staff while ostensibly inspecting the British air attaché's office. Thornton had several cordial meetings with General Nordinskiöld, who

stated that he was still anxious to obtain Spitfires and would "welcome even a limited number for training purposes."[6] Mallet and Major D. Morley, the L.C.S. representative in Stockholm, seized upon Nordinskiöld's remark as a means of improving the Allies' negotiating position with Sweden, and lending credibility to the deception plans. They asked London to consider selling the Swedes twelve Spitfires on the basis of a cash transaction rather than as a quid pro quo for a Swedish concession. The London Controlling Section strongly supported this proposal for Graffham purposes:

> If the Allies were in fact contemplating operations in Scandinavia, they would obviously be much concerned with Sweden's capabilities to defend herself in case of enemy reactions. Her main weakness lies in lack of modern fighter aircraft and the Allies would, therefore, if they contemplated operations, do everything possible to overcome this weakness.

Colonel Bevan suggested that Thornton or Air Commodore Maycock, the air attaché, should offer General Nordinskiöld a squadron of Spitfires, which would be sent immediately to Sweden pending the Swedish government's approval. The offer would be made in a manner which would imply as many as 200 Spitfires might be made available at a later date. If the offer was accepted, the Air Ministry would arrange the transfer of these aircraft to Sweden "as a matter of

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[6]Mallet, 26 April 1944 minute, FO 188/446; Cruikshank, op. cit., pp. 136-7.

[7]Col. J.H. Bevan, 5 May 1944 paper LCS (44) 12, CAB 119/109. In one instance, Major Morley suggested that 12 Spitfires should be given to Sweden as a "free gift."

great urgency."[8] Dingle Foot stated that the Ministry of Economic Warfare felt that a "bribe" of 10-12 Spitfires might serve as an additional means to induce the Swedish government to "connive at any action" with SKF to curtail ball bearing exports.[9] Mallet argued that the sale of 200 aircraft would be a more worthwhile inducement since the only Swedes who would value twelve Spitfires would be the Air Force and such a small number would appear "even to them to be merely a token offer and useful only for training purposes."[10]

The Air Staff and the Foreign Office were wary of this proposal. Air Vice Marshal Colyer stressed that if Britain agreed to furnish twelve Spitfires to Sweden, it would be under a 'moral obligation' to provide additional aircraft and might cause the Swedes to hold out for these in return for future concessions to the Allies. The Foreign Office maintained that the Swedish government would be more interested in obtaining scarce commodities, such as synthetic rubber, rather than aircraft. In view of the tough American attitude towards Sweden, the Foreign Office felt that an aircraft sale to Sweden would create friction

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[8] Ibid.

[9] Galsworthy, 30 April 1944 minute, FO 371/43452/N2661; Ministry of Economic Warfare to Stockholm, 1 May 1944 telegram 439 ARFAR, FO 371/43520/N2341.

[10] Mallet to Foot, 1 May 1944 telegram 408 ARFAR, FO 371/43520/N2341.

with Washington. The Foreign Office has also suspected for several months that the Swedes were really trying to obtain modern fighters for defence against the Soviet Union "in the same way as the Turks have wrangled armaments out of us on the pretext that they required them for protection against the Germans."[11] Mallet was therefore advised to discourage the Swedish Air Force from making further requests for fighters, in connexion with the ball bearing negotiations. The Foreign Office also informed the U.S. and Soviet governments of what had transpired between Thornton and Nordinskiöld.

In spite of the Foreign Office's and Air Ministry's reservations, the British legation in Stockholm continued its efforts to arrange an Anglo-Swedish aircraft deal during May and June. Mallet and Maycock sympathized with the Swedish Air Force's desire to obtain modern fighters, and on different occasions suggested that Britain would agree to provide various numbers of Spitfires to Sweden during exploratory discussions concerning the repatriation of interned aircrews and the establishment of radar stations. Mallet subsequently informed the Foreign Office that the Swedes' attitude obliged Maycock to offer Spitfires while privately doubting London's willingness to furnish aircraft. During the air attache's meetings with the Swedish air staff, Colonel Söderberg, head of the air board for supplies insisted that in view of the increasingly

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[11]Cavendish-Bentinck, 6 March 1944 minute, FO 371/43520/N1543.

uncertain situation in Scandinavia and Finland, Sweden needed modern fighters more urgently than radar sets. On 13 June, Mallet approached the Swedish Foreign Ministry, without consulting London and presented a proposal to provide British aircraft in exchange for interned airmen. The Swedish government had never backed the Air Force's requests for Spitfires openly. Günther indignantly rejected the proposal on the grounds that Sweden's neutrality would be compromised if Stockholm accepted fighters from a belligerent power in exchange for skilled personnel who would be redeployed in hostile acts against Germany once they were returned to Britain.

The Foreign Office was bewildered by Mallet's unathorized and impulsive action, which conflicted with its attitude towards Sweden. Mallet attempted to justify his behaviour in a letter to Warner asserting that Nordinskiöld's persistent requests implied that the government might be amenable to a compromise with London. "It is the Swedish Air Force officers who are constantly telling us how badly they need fighters and I don't blame the poor chaps when you see what old-fashioned crates they fly around over Stockholm."[12] In a subsequent letter to Warner, Mallet elaborated that his approach to the government had also been motivated by rivalry between the British and U.S. air attachés. Although the British legation was ostensibly using aircraft as a negotiating ploy, it also appears that

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[12]Mallet to Warner, 18 July 1944 Top Secret letter G504, FO 371/43520/N4621.

Maycock and his staff were anxious to protect Sweden as a future market for British aircraft, against American competition. During conversations with Colonel Söderberg and other Swedish Air Force officers, Maycock learned that the United States air attaché, Colonel Hardison, had also offered fighters in return for American air crews, and had raised the question of the establishment of United States air bases in Sweden.[13] Johnson, and other officials of the U.S. legation denied that such an approach had been made. The Americans insisted that it was the Swedes who had proposed making a fighters-for-aircrew bargain. Mallet tended to agree with Johnson's argument, but suspected that Colonel Hardison, "who is inclined to go a bit wild," was actually responsible for "putting the suggestion to the Swedes,"[14] and asked Warner for guidance as to whether the legation ought to continue to cultivate the Swedish interest in obtaining Spitfires.

London categorically instructed Mallet and Maycock to desist from encouraging further Swedish approaches for aircraft. The R.A.F. could not afford to relinquish any part of its fighter formations which were required to support operations in Normandy. Moreover, the Foreign Office and the Air Ministry agreed that it would be

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[13]Mallet to Warner, 23 June 1944 letter, FO 371/43520/N3936.

[14]Ibid.

'undesirable' for Sweden to get the impression that the Allies were prepared to offer fighters in return for a relatively minor concession, such as the repatriation of Allied airmen (most of whom were American). Colyer insisted that offering aircraft merely as a "bonus for good behaviour" would only diminish the value of aircraft as a bargaining counter "if the time comes to use them as such."[15] Warner and Nutting believed that it would be poor tactics to go "running after the Swedes and offering them aircraft,"[16] since this would imply that Britain believed that Sweden was still endangered by Germany - "a thesis which we have disputed for over a year."[17]

In his letter to Mallet, Warner stressed that the Americans would probably oppose any British scheme to supply Spitfires to Sweden since the U.S. War and Navy Departments tended to become "almost hysterical at the least suggestion of a gift or concession being made to the Swedes."[18] Nutting and Warner shared Mallet's suspicion that the Swedish request for American aircraft could have been instigated by Lt.-Colonel Hardison, the U.S. air attaché, or possibly by Hershell Johnson himself, since "the Yanks in Stockholm are very cagey, especially Mr. Johnson, who may be lying."[19] Even if this was true

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[15]Colyer to Maycock, 13 July 1944 letter, FO 371/43420/N4545. Warner, minute 30 June 1944, FO 371/43420/N3936.

[16]Nutting, 27 June 1944 minute, FO 371/43420/N3936.

[17]Warner to Mallet, 8 July 1944 letter, FO 371/43420/N3936.

[18]Ibid.

[19]Nutting, 26 June 1944 minute, FO 371/43520/N4621.

however, the Foreign Office believed that the U.S. legation's initiatives were not officially sanctioned. Warner informed Mallet that he had recently been told by John Higgs, a State Department official who was about to assume the post of Secretary of the legation in Stockholm, that the American authorities "were literally furious" over the "Swedish (?) proposal."[20]

Mallet was instructed to inform the Swedes that Britain would only consider supplying Spitfires to Sweden, "if at all," as a quid pro quo for some "really big concession" which London specifically demanded.[21] The Foreign Office also obtained an informal assurance from the U.S. Emabssy that steps would be taken to "muzzle" Hardison to prevent further confusion from arising over this question.[22] In addition, London also revoked its earlier agreement to furnish radar sets in exchange for the return of 58 internees after the British learned that the Swedes were attempting to obtain additional equipment from the Germans to "get the best of both worlds, as usual."[23]

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[20]Warner to Mallet, 8 July 1944, op. cit. (The question mark appears in the original text, The British suspected that Col. Hardison had offered fighters, but were obliged to accept Johnson's denial due to lack of evidence.

[21]Ibid.

[22]Nutting, 27 July 1944 minute, op. cit. Colonel Charles E. Rayens became air attaché in the summer of 1944, but Hardison remained in Stockholm as assistant air attaché until Spring 1945.

[23]Colyer to Maycock, op. cit.

SWEDEN AND AMERICA - THE POLITICS OF INTERNMENT, JUNE - NOVEMBER 1944

As some British officials suspected, the Swedish request of 6 June 1944 for American fighters had been inspired by Colonel Hardison during conversations with officials of the Swedish Defence and Foreign Ministries. Hardison had not gone "a bit wild", as Mallet supposed, but had acted in concert with other U.S. legation officials in an attempt to persuade the Swedish government to release all American airmen who were interned in Sweden. The scheme had not been proposed by the War Department which knew nothing about it at the time, but was sponsored by General Carl Spaatz, the commander of U.S. Strategic Air Forces in the European theatre of operations. In early April 1944, Spaatz privately and unofficially informed Colonel Bernt Balchen, his representative in Sweden, that the U.S. Eighth Air Force would be willing to give the Swedish Air Force any U.S. fighters which had force-landed in Swedish territory, after accompanying bombers on deep penetration raids into Germany, provided that the Swedes allowed the American pilots to return to Britain.[24] The Stockholm legation tentatively discussed this question with

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[24]Johnson-Hull, 21 July 1944 telegram 2705 RG165, OPD336 SWEDEN (29 Jul. 1944). 041. Major Concadi, the assistant air attaché in Stockholm, was similarly informed by Eighth Air Force officers when he visited London to discuss how bomber crews were to be briefed in regard to forced landings in Sweden.

the Swedish Foreign Ministry, but neglected to mention the fact that these aircraft were returning from a hostile mission over Germany so that the Swedes would not feel that they were being asked to compromise their neutrality. Hardison and Christian Ravndal, the counsellor at the U.S. legation, suggested instead that the United States government was prepared to give Sweden aircraft which would be 'delivered' in such a manner as to suggest that they had been forced to land in Sweden.[25] The price for these aircraft would be the return of the pilots who had 'delivered' the fighters, and also the release of a large number of Allied airmen who were already interned. The Swedish government responded that this proposal could give the Germans cause to accuse Sweden of unneutral behaviour. However, Sven Grafström, the acting director of the Swedish Foreign Ministry's political affairs department, privately intimated to Ravndal on 6 June that his government might be willing to release all interned American and British aircrews in return for modern fighters such as the P-51 Mustang.[26]

Some officials at the State Department were indignant when they first learned of the Swedish suggestion,

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[25] Ibid.

[26] Johnson-Hull, 6 June 1944 telegram #2010, RG165, OPD336 SWEDEN (13 Jun 1944) 321.19 AAF.
In early June 1944, there were 30 British and 498 American airmen interned in Sweden, which included 93 pilots, 48 bombardiers, 48 navigators, 48 radio operators, 52 engineers, 209 gunners, and 2 photographers.

which they interpreted as a Swedish attempt to barter American lives for modern aircraft. The military authorities, on the other hand, were receptive to this proposal, which they regarded as a reasonable exchange. In a memo of 17 June, Colonel John Weckerling, Deputy Assistant Chief of Staff in the War Department's Intelligence division (G-2), stated that Army intelligence favoured the proposal, provided that it did not conflict with the Department's operational plans and policies: "It is believed the value of these aviators to the American war effort is far greater than the planes we would have to furnish to the Swedes..."[27] Whereas the British government treated the potential release of Allied airmen as a minor concession from Sweden, the U.S. government felt the question had considerable relevance to the conduct of the war. Senior American air force officers sought to exploit Allied air superiority to its fullest advantage in supporting the Allied armies in Normandy and the Mediterranean, and in continuing the strategic offensive against German industrial targets. However, aircraft were force-landing in Sweden at an alarming rate during 1944. For example, the number of interned American airmen in Sweden had risen to 835 by late July.[28] By 29 January 1945, 131 U.S. military aircraft had been interned in Sweden as of 1 January 1945, the majority being

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[27]Colonel Weckerling to Major General Clayton Bissell, Assistant Chief of Staff, G-2, 17 June 1944, RG165, OPD336 SWEDEN, (23 June 1944) 321.19 G-2.

[28]Johnson-Hull, 21 July 1944, op. cit.

heavy bombers.[29] Some circles in the Army Air Corps suspected that many pilots had intentionally flown their aircraft to Sweden to avoid further combat missions, but a postwar enquiry concluded that most aircraft had been forced to land in Sweden as a result of inadequate fuel, battle damage, and navigational error.[30] General Spaatz' staff believed these aviators were even more valuable than aircraft, and were anxious to expedite their return to Britain so that they could be reassigned to combat units (and perhaps interrogated and court martialed).

The British Air Ministry had first proposed that the Allies should persuade Sweden to release large numbers of Allied internees in November 1943. The 'head for head' exchange basis, established by the Geneva convention, under which neutrals repatriated belligerent servicemen, was no longer satisfactory to the Air Ministry, since there were

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[29]F.R.U.S., 1945, Vol. V, p. 756. The first U.S. aircraft was interned in Sweden on 24 July 1943, when one out of 300 bombers was damaged by flak during a raid on German installations in Norway, and was forced to land in Sweden. The U.S. legation had instructions to destroy any U.S. aircraft after landing in Sweden. However, the Swedes assured the legation that the aircraft would be interned according to international law, and promised not to confiscate or tamper with the aircraft's 'secret' bombsights, radar, wireless and navigation instruments. The legation therefore decided, with Washington's approval, to leave U.S. aircraft intact at various military airfields around Sweden. War History Report of the American Legation at Stockholm, Enclosure, Johnson-Stettinius, 20 February 1946, Despatch 6694, RG59/124.586/2-2046.

[30]Wesley Frank Craven and James Lea Cate (eds.), The Army Air Forces in World War II, Vol. 3, U.S.A.F. Historical Division (Chicago: University of Chicago Press, 1958), p. 307.

63 Allied but only 4 German internees in Sweden. Turkey had set a precedent in March 1943 by releasing all belligerent airmen (47 Allied and 22 Axis). During tentative discussions with Boheman, Mallet discovered that Johnson had already proposed an arrangement similar to the Turkish precedent. Boheman offered to release 10 Allied aviators, plus 4 who were covered under the 'head for head' basis, and would release further large numbers when better transportation became available. The Foreign Office and Air Ministry were pleased to have "driven the thin end of the wedge into the Swedes over this question," but felt that it would be more desirable to repatriate Allied airmen "little by little" rather than pressing the Swedes for a general release.[31] If airmen were to be released en masse from internment, they would still have had to remain in Sweden indefinitely, because of limited passenger capacity afforded by the three Mosquitos and one Dakota which B.O.A.C. employed on its Stockholm to Scotland service. Released aircrew would be forced to vie for aircraft space with over 3,000 Norwegians awaiting passage to Britain in order to join the Royal Norwegian forces, SOE personnel, diplomatic staff and their dependants, commercial travellers, mails, and ball bearing cargoes. This problem was exacerbated by British security measures for Overlord which prevented Aktiebolaget Aerotransport (A.B.A.), the Swedish national

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[31]Nutting, 20 January 1944 minute; R.L. Sykes, Air Ministry to Nutting, 17 January 1944 letter S.62229/5.4, FO 371/43479/N368.

airline, from resuming operations. A.B.A.'s service had been disrupted after a Messerschmitt had shot a Swedish aircraft over Norway in May 1943. Boheman insisted that the principal reason that more Allied servicemen had not been released was the British delay in approving the resumption of Swedish safe-conduct flights.[32] The Air Ministry felt that there was little to be gained by pressing the Swedes to release additional airmen, and suggested that the matter should be left to the U.S. air attaché in Stockholm, since the majority of interned flyers were American.[33]

The U.S. Army Air Corps, believed that it was necessary to establish an American airline to Sweden in order to facilitate the departure of Allied personnel from Sweden. The U.S. legation and the Air Corps authorities agreed that the existing British and Swedish operations were inadequate. For example, BOAC refused to accept second priority freight after two Lockheed Hudson aircraft had been taken off the Stockholm service in October 1942. Consequently, any material which the U.S. legation could not telegraph to Washington, such as newspapers, books,

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[32]Mallet-Warner, 12 February 1944 letter 24,4/44, FO 371/43470/N958. BOAC was capable of transporting approximately 50 passengers per month to Britain. The R.A.F. had also loaned the Royal Norwegian government two Lockheed Lodestar transports to help reduce the backlog of passengers waiting in Sweden. G. Wiskemann (M.E.W.) to Captain Herbertson (Air Ministry) 16 February 1944 letter F. 1793/130/35, FO 371/42617/W1559.

[33]Sykes to Nutting, 22 March 1944 letter S.62229/S.6, FO 371/43479/N2641.

monthly reports and studies of conditions in occupied countries, accumulated in the legation's mail room.[34] The Americans tried to alleviate the transport shortage by loaning Sweden two B-17 bombers which were converted into airliners in 1943, but this did not break the bottleneck in Sweden because of the suspension of A.B.A.'s flights to Britain during 1943 and early 1944.[35] In late January 1944, General Spaatz instructed Colonel Balchen to supervise the establishment and operation of an air transport service, which subsequently inaugurated service between Stockholm and Leuchars, Scotland. As was the case with B.O.A.C. and Lufthansa operations to Sweden, the American Air Transport Service was ostensibly a civil airline, employing unarmed, unmarked Liberator bombers which were maintained by U.S. Army Air Transport Command air and ground crews, who wore civilian clothes while in Sweden. The Liberators carried a heavier payload than BOAC's Mosquitos and Dakota. They enabled the Americans to fulfill requests from the Royal Norwegian and British governments to transport 2000 Norwegians and 22,777 ball bearings to Britain during the spring of 1944.[36]

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[34]Craven and Cate, op. cit., Vol. 7, p. 110. War History Report of American Legation at Stockholm, op. cit.

[35]Halifax to Foreign Office, 1 December 1944 telegram 8220, CAB 122/914.

[36]Warner to C.R. Wheeler, Ministry of Supply: Iron and Steel Control, 4 July 1944 letter N3937/42, CAB 111/148. The Americans also transported to Britain components of the V-2 rocket which the Swedes had turned over to the R.A.F.

Once the transport difficulties had been overcome, the Americans felt that the Swedes no longer had any excuse to detain the Allied aviators. Johnson believed that the Swedish Foreign Ministry sincerely wanted to release all Allied personnel but were restrained from doing so by the 'neutralist' elements in the government who wanted to continue the 'head for head' procedure. He believed, however, that "the legation knows how keenly the Swedish Air Force wishes to obtain fighters," and that an offer of a substantial number of aircraft to Sweden "might help the Swedish government find an excuse to release the interned airmen."[37] In mid-June, Boheman informed Johnson that Stockholm and London had recently agreed to exchange 75 airmen for 50 radar sets.[38] He intimated that the Swedish government was not opposed to making similar exchanges in the future. Johnson advised Washington that exploratory discussions with the Swedes should be continued, "It is believed that a concrete proposal would be made by the Swedes if we indicated an interest in such an exchange."[39] Major General C.S. Kutter, Assistant Chief of Air Staff (Plans), and other officials in the War Department strongly endorsed Johnson's advice, and directed

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[37]Johnson-Hull, 21 July 1944 telegram 2705, op. cit.

[38]Johnson-Hull, 15 June 1944 telegram 2147, RG165, OPD336 SWEDEN (23 Jun. 44), 321.19 G-2.

[39]Johnson-Hull, 15 June 1944 telegram 2161, RG165, OPD336 SWEDEN (23 Jun 44), 321.19 G-2.

Lt. Colonel Hardison to reopen talks with the Swedish Air Force.

Within a week of learning of Grafström's initial proposal in early June, American staff officers had initiated detailed planning for the posible transfer of U.S. aircraft to Sweden. The War Department's intelligence division stated on 13 June that it did not object to supplying fighters to Sweden because it presumed that examples of all current U.S. aircraft models had crashed on landed on German occupied territory, and therefore "it is not believed that this exchange of fighter planes to Sweden would give the Germans any technical knowledge which they don't already possess."[40] During the balance of June, discussions took place between officials of the War Department, the Army Air Corps and the Army and Navy munitions assignment board to determine what aircraft, if any, should be furnished to Sweden in the event that the Swedes were to advance a definite proposal to release all American internees. On 1 July, Major General Henry Arnold, Commanding General United States Army Air Forces, informed the War Department that he was prepared to release 25 P-39 (Airocobra) fighters for delivery to Sweden as a quid pro quo for the airmen.[41] Secretary of War Stimson and Under Secretary Patterson

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[40]Col. Wecklerling (G-2), 13 June 1944 memorandum MID907, RG165, OPD336 SWEDEN (13 Jun 44) 321.19 G-2.

[41]Arnold-Stimson, 1 July 1944 letter; Major General T. Handy, Assistant Chief of Staff, Operations and Plans Division (War Department), 1 July 1944 memorandum, RG165 OPD336 SWEDEN (13 Jun 44) 321.19 G-2.

concurred with Arnold's recommendations and advised the State Department to offer the Swedes 25 P-39's, if they freed all interned American personnel. Patterson had opposed previous Swedish requests for American materiel because he felt that the United States "gained nothing" from such transactions. He was, however, willing to be more accommodating towards the Swedes if the United States government obtained a tangible benefit from Stockholm. For example, in July, he instructed the Munitions Assignment Board to ship to Sweden 10,000 spark plugs, and other aircraft parts, which the Swedes had requested in January, after he learned that the Swedish government had helped the U.S. legation with "certain recent information."[42] Patterson explained his reasons for approving the sale of aircraft to Sweden in a letter of 8 July 1944 to Secretary of State Cordell Hull:

> Any discussion of a proposal for the exchange of aircraft for interned American aircrew is distasteful to the War Department. However, the release of such a large number of highly trained and valuable personnel is considered to be of the utmost importance."[43]

The War Department regarded a small quantity of P-39s as a relatively cheap bargaining counter. The Airocobra entered service in the late 1930's. It had been lend-leased to Britain and the U.S.S.R. prior to Pearl Harbor, and was

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[42]Lt. Neff (Assistant to Undersecretary of War) to Colonel Maddux (Plans Division) 27 July 1944; Johnson to Hull, 26 July 1944 telegram 2795, RG165, OPD33675 (27 Jul 44). The War Department file does not indicate what secret information Stockholm furnished.

[43]Patterson to Hull, 8 July 1944 letter, RG165 OPD336 SWEDEN (13 Jun 44) 45452.1

deployed by American forces in the Southwest Pacific during 1942. By 1944, the P-39 was obsolescent, and had been replaced by the more effective P-47 (Lightning) and P-51 (Mustang) fighters for ground support and bomber escort duties. Most Airocobras had been converted into target-tugs or withdrawn from service and declared as surplus.[44] The 25 machines which were to be sold to Sweden were currently unassembled and crated at an army storage depot at Casablanca. Once Stockholm had agreed to the bargain, the Airocobras would be shipped to Britain, where they would be assembled and transferred to the Swedish Air Force. Swedish pilots would then fly the aircraft to Sweden.[45]

Johnson presented the War Department's exchange proposal to Günther on 15 July. In spite of the earlier suggestions which had been advanced by junior Foreign Ministry officials, Günther indignantly responded that it was "repugnant" for Sweden to even consider the release of internees on the "basis of material bargaining." Johnson felt that the Foreign Ministry might yield to Air Force pressure if the Americans made a more substantial offer. According to the U.S. air attaché, the Swedish Air Force regarded the P-39 as outmoded and useful only for intercept-

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[44]Wesley Frank Craven and James Lea Cate (eds.), The Army Air Forces in World War II, Vol. 6, U.S.A.F. Historical Division, (Chicago: University of Chicago Press, 1955), p. 215.

[45]Patterson to Hull, 8 July 1944 letter, op. cit.

ing second-rate aircraft and for strafing. Johnson suggested that the Swedish Air Force might be more co-operative if Washington agreed to sell 120 P-39's, which would be sufficient for two fighter groups, or a lesser number of more advanced fighters, such as the Mustang.[46]

In response to Günther's reply, the War Department directed Johnson to ascertain if the Swedes would release the interned airmen in return for a larger number of aircraft. Without making any commitment, Johnson was to hint that the United States would sell Sweden sixty P-47's if the Swedes would release all American airmen who were currently interned in Sweden. In addition, the Swedes would be allowed to keep any fighters which might force-land in Sweden in the future in exchange for the fighter pilots immediate repatriation.[47] The Swedish Foreign Ministry continued to be evasive, protesting the alleged immorality of the proposed scheme, and insisting upon the 'head for head' system. The Swedes were, however, willing to define what constituted a 'head for head' exchange loosely, and a substantial number of Allied airmen were released during August and early September even though only a handful of Germans were actually interned in Sweden. On 15 August, 51 U.S. airmen were released after the Swedes had returned to Germany two training

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[46]Johnson-Hull, 21 July 1944, op. cit.

[47]Major General C.S. Kutter, Assistant Chief of Staff (Plans), 27 July 1944 memorandum for Record, OPDJSW 74575, RG165, OPD336.091 SWEDEN (29 JUL 44).

aircraft and a small number of troops who had fled from advancing Soviet forces in Finland. Washington persuaded the British to withdraw their refusal to consummate the agreement made in June to supply radar sets to Sweden. In return for this equipment, Stockholm released 23 Americans on 20 August, and a further 37 in September.[48]

By the beginning of September, the War Department and Air Corps staffs had become impatient with what they regarded as Swedish procrastination in returning American flyers. Lt. General Giles, the Chief of Air Staff, proposed that a maximum number of 150 P-47's should be used as a bargaining ploy and that, in addition, the Swedes should be asked to return all bombers "now or hereafter" force-landed in Sweden.[49] As an additional inducement, the War Department was willing to loan four interned B-17 bombers for use as commercial transports by A.B.A.. An Army Air Corps mission would be despatched to Sweden to instruct the Swedish Air Force in the operation and maintenance of American aircraft. The exact number of P-47's to be offered to the Swedes during negotiations would be left to Johnson's discretion, and Lt. Colonel Hardison was instructed to collaborate with Johnson "because of his

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[48]Mallet to Foreign Office, 6 December 1944 telegram 1461, FO 371/45509/N7663.

[59]Giles to Patterson, 30 August 1944 memorandum, RG165/OPD336 SWEDEN (30 Aug 44) 321.18 AAF.

relationship with the Swedish Air Force."[50]

Johnson discussed this latest proposal with Boheman on 16 September. Although Boheman made no commitments, Johnson was convinced that Boheman "fully understands implications as well as opportunity for Sweden to make a welcome gesture."[51] While it appeared to Johnson that the Swedes would not procrastinate in repatriating the Allied airmen, it seemed unlikely that they would readily agree to return the force-landed bombers. The Swedes did not feel that it was unneutral to return slow, unarmed trainers to Germany since these aircraft had no offensive capability. The return of American bombers, on the other hand, "would not be possible" since this action would virtually turn Sweden into "a base of military operations against Germany." Johnson urged Boheman to examine every possible means of accommodating the American proposal and to "not dismiss anything as impossible.[52] Johnson and the State Department recognized that it might take some time for the Swedish Foreign Ministry to persuade the Government to agree to release all interned American personnel en masse, owing to the rigid concept of neutrality which was held by some Swedish cabinet ministers, and to the

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[50]Stimson-Hull, 8 September 1944 letter, OPD JSW 74575, OPD336 SWEDEN) 40 AUG 44) 321.18 AAF: Foreign Relations of the United States, 1944, Volume IV, Washington: U.S. Gov't Printing Office, p. 681.

[51]F.R.U.S., Vol. IV, op. cit., p. 690.

[52]Ibid.

widespread resentment in Sweden towards U.S. pressure on economic questions. As an interim expedient, Johnson sought to find suitable opportunities for pressing the Swedes to make 'head for head' exchanges. During September, small numbers of German personnel began to enter Sweden as a consequence of the Soviet occupation of the Baltic States and the Russo-Finnish cease-fire of 4 September. Marshal Mannerheim, the President of Finland, declared that any German troops who had not left Finnish territory by 15 September 1944 would be interned.[53] In October, Finnish forces turned on their former German comrades in an effort to expel the Wehrmacht from Finnish territory. Berlin had already decided that the German position in Southern Finland was untenable, and ordered General Rendulic's XX Mountain Army to withdraw and make a stand in the Arctic region along the Finnish-Russian-Norwegian frontier. During the course of the withdrawal, the German forces were attacked by hostile Finns, and some German soldiers deserted to Sweden after their units were attacked by Soviet armoured formations in the Arctic. The Germans also chartered or requisitioned Finnish merchant ships to evacuate some troops to Germany. Stockholm offered all German troops entering Sweden the choice of internment for the duration of the war, or immediate repatriation to Germany. The

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[53] C. Leonard Lundin, Finland in the Second World War (Bloomington: Indiana University Press, 1957), p. 237.

Swedes also accepted an American demand that one Allied airman would be released from internment for each German soldier who entered Sweden, regardless of whether the German in question chose to remain in Sweden or leave.[54]

On 15 September, a convoy of 15 Finnish ships carrying equipment and 33 Germans left Finland. Nine ships left the convoy and made for Sweden when the Finnish masters and crews received news that German forces had attacked the Finnish island, Högland, in order to establish a last ditch line of defence against the Russians in the Baltic. Johnson seized upon this incident to press Boheman into agreeing to release 33 American flyers, once the Germans on board these ships had landed in Sweden. He obtained a similar concession from the Swedish government on 26 September, when 53 German soldiers who had escaped to Sweden from Tallin (Reval), Estonia, were returned to Germany. At the end of September, with the War Department's full approval, Johnson told the Swedes that the U.S. was willing to let Sweden return 3 German aircraft (two trainers and one obsolete seaplane employed on courier duty) in return for 35 or 40 Americans.[55]

Johnson's readiness to exploit any opportunity to release U.S. servicemen from Swedish internment was appreciated in Washington. However, in late September, the War

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[54] F.R.U.S., Vol. IV, op. cit., p. 690.

[55] Ibid., pp. 695-7.

Department grew anxious that British or Soviet interference might prevent Johnson from making similar ad hoc exchanges in the future. On 26 and 28 September, the British complained that Johnson did not inform Mallet about the exchanges until after they had been arranged with the Swedes. The Foreign Office insisted that future exchanges should be approved beforehand by London, Washington and Moscow.[56] The Foreign Office also maintained that since the Germans who were interned in Sweden had fought on the Eastern front, the Americans should make a gesture of even-handedness to Moscow by including 11 Soviet internees in the next lot of repatriated personnel (even though the Soviets were reportedly unwilling to return to the U.S.S.R.)[57]

The Americans resented the Foreign Office's meddling in what they regarded as essentially an American concern. U.S. internees outnumbered British by 902 to 52.[58] The State Department rejected the Foreign Office's proposed trilateral consultations as an unnecessary waste of time. The War Department instructed Johnson to press the Swedes

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[56] Ibid., pp. 692, 695-6. FO 371/43479, the file on Foreign Office policy towards Allied internees in Sweden, contains no record of this protest.

[57] Ibid., p. 697. The Foreign Office advised Mallet that reports that the Soviet internees feared reprisals in the U.S.S.R. were "(to judge by experience here) to prove largely if not wholly unfounded." London's complaints about Johnson's exchanges were probably related to the War Cabinet's decision of 4 September to repatriate millions of displaced Soviets (slave labourers, P.O.W.'s, former members of the Wehrmacht and refugees) who had been liberated/captured by Anglo-U.S. forces. Warner was one of the main proponents of this policy. Nikolai Tolstoy, Victims of Yalta, revised edition, (London: Corgi Books, 1979), p. 75.

[58] Hull to Winant, 27 September 1944 telegram 7889, RG. 165/OPD 336. 091 (27 September 1944).

into foregoing the niceties of international law and release all remaining U.S. personnel immediately. He was authorized to make a new offer of P-47 fighters and was also instructed to ask the Swedes to release the remaining internees in anticipation of future German arrivals from Finland.[59]

By early October, it became evident that the War Department's fears were groundless. The Soviets had no objections to the exchanges, Madame Kollontai expressed "warm approval" of Johnson's enterprising methods for repatriating U.S. airmen.[60] The absence of Soviet objections and Washington's reaction to the Foreign Office's protests obliged the British to muffle their complaints about the exchanges. The Foreign Office raised no further objections after Stockholm agreed to release 10 Soviet internees on 8 October. By this time, Johnson had worked out a new scheme with Boheman which, being based on a more imaginative interpretation of International Law, would in practice make the exchanges academic.

Shortly after Johnson asked Boheman to expedite repatriations on 28 September, the Swedish government announced that it would release 300 Allied internees 'on account' against future German arrivals in Sweden.[61]

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[59] F.R.U.S., Vol. IV, op. cit., p. 694, Arnold-Giles 28 September 1944, memorandum, RG 165/OPD 336 SWEDEN (28 Sept 44) 321.18 AAF.

[60] F.R.U.S. Vol. IV, op. cit., p. 698.

[61] Ibid., p. 694.

Boheman intimated that more internees would be released once the 300 had left Sweden. He insisted that this was a gesture of goodwill and friendship, and that his government did not expect any quid pro quo from the United States. However he mentioned later that the Swedish aircraft industry was interested in obtaining manufacturing licences for producing aircraft engines after the war. The State Department was privately satisfied with this Swedish action, but was prompted by the War Department to demand that Stockholm release all internees in Sweden. The Swedish government made further exchanges 'on account' during October and November, although the Swedes felt awkward doing so since the masses of anticipated German deserters had been slow to materialize. As of 16 October 1944, only 155 Germans had arrived in Sweden. The Foreign Ministry was anxious to oblige the Americans, in the hopes that Washington might moderate its inflexible attitude. However, when Boheman raised the internee question with the Cabinet on 26 October, after the Swedes had learned that the Saturnus had been impounded, Prime Minister Hansson reportedly remarked that "he didn't see what use there was in trying to stretch points with the Allies...."[62] Boheman did,

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[62] Ibid., p. 700.

however, persuade Hansson to release 100 airmen, and unofficially approved the release of an extra 62 men.

Johnson believed that Stockholm would eventually free all Allied personnel from internment, once a large number of German troops had escaped to Sweden. On 16 October, he urged Washington to be patient with the Swedes, who had received two strong German protests over the 'on account' releases, and who could possibly become the victims of German reprisals. Johnson praised Stockholm's "liberal and extensive cooperation..[with]...certain of our agencies in activities not ordinarily the subject of correspondence."[63] He also cited that Brigadier General E.P. Curtis, General Spaatz' Chief of Staff, had declared on a visit to Sweden that the Swedes had given better treatment to Allied internees than Switzerland or any other neutral.[64] Although the Swedes had refused to consider aircraft as a quid pro quo, Johnson felt that an unconditional sale of 60 to 150 P-47's would expedite the

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[63] Ibid., Presumably this refers to the Swedes furnishing intelligence to the O.S.S. and the U.S. Service attachés.

[64] Ibid., Curtis to Johnson, 16 October 1944 letter, Hershell V. Johnson papers.

release of the remaining airmen in Sweden. Colonel Hardison therefore informed General Nordinskiöld, in the first week of November, that Washington was prepared to sell fighters to Sweden, and advised him to make a request to the U.S. War Department. The General not only acted on Hardison's advice, but also despatched his son, Captain Nordinskiöld, to Washington in late October to assume the post of air attaché.[65]

Nearly 500 airmen were still interned in Sweden when the War Department received Nordinskiöld's request in early November. Although the release of all interned personnel had been the original condition for the sale of fighter aircraft, the Department decided that the Swedes should be given the fighters as a "gesture of goodwill".[66] This transaction would be considered on "a basis separate and apart" from the internee question. The War Department submitted a proposal to furnish the Swedish Air Force with 60 - 150 P-47's to the Army and Navy munitions assignment

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[65]Mallet to Ministry of Economic Warfare, 24 October 1944, Telegram 1009 ARFAR, FO 371/43509/N6729.

[66]Stimson to Stettinius, 7 November 1944 letter, RG 165, OPD336.91 SWEDEN (7-11-44).

boards, and other U.S. government agencies, in order to determine how many aircraft could be supplied to Sweden, and to work out the technical and legal questions concerning the transfer of U.S. Army property to a neutral power during wartime. The War Department informed the State Department of this decision but did not solicit the latter's views. Apparently the Americans were unconcerned with British or Soviet reaction, since London and Moscow were not informed until late November, when the proposal was presented to the Anglo-American Combined Munitions Assignment Board.

The War Department professed that it did not expect any quid pro quo from Sweden. However it is likely that the Department hoped that the 'gesture' would encourage the Swedes to release all remaining internees, and agree to accommodate the United States' wishes relating to other aviation questions. The Army Air Corps wanted Sweden to return all interned heavy bombers. The Swedes adamantly refused to even discuss the matter with the Americans although in July 1944, they conceded to a U.S. demand that U.S. bomber crews be permitted to repair and fly interned aircraft, under Swedish supervision, in order to prevent

the bombers from deteriorating.[67] The Americans did not press seriously for the release of interned aircraft until January 1945, when General Giles' staff predicted that a serious bomber shortage in all combat theatres would develop by July.[68]

WASHINGTON AND STOCKHOLM: NEW HORIZONS IN COMMERCIAL AVIATION

The War Department was also prepared to give the Swedes transport aircraft in return for allowing expanded U.S.A.A.F. transport activities in Sweden. Sweden permitted the existing A.A.T.S. operation between Scotland and Stockholm, on the condition that it would be terminated once the last of the American airmen had been flown from Sweden. General Spaatz' headquarters believed that it was of "vital importance" to establish a more permanent air transport service to Sweden which could be extended to Germany and other points in Europe upon the cessation of

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[67] On 28 July 1944, Stockholm requested 2,000 gallons of grade-120 engine oil to operate interned aircraft. In contrast to previous British supported Swedish requests for fuel, Washington's response was prompt. It took less than an hour for the military and supply authorities, on 29 July, to authorize the release of the oil from reserve stocks, so that it could be loaded on a Swedish tanker, which was scheduled to sail to Gothenburg on 1st August. H. Neff, Memorandum for Record, RG165, OPD463.7(29-7-44) .091.

[68] Foreign Relations of the United States, 1945, Volume V, pp. 756

hostilies to airlift supplies to U.S. occupation forces.[69] Furthermore, the War Department and senior Air Corps officers wanted this service to operate "openly and without subterfuge" as a military undertaking, and not as a "pseudo-civilian air line" to respect Sweden's neutrality.[70]

The Swedish Foreign Ministry and Air Force were not opposed in principle to the continuation and expansion of American air transport operations to Sweden. They hoped to obtain reciprocal landing rights in the United States for Sweden's transatlantic airline, Svensk International Luftrafik A.B.[71] Sweden, Norway, and Denmark formed a joint committee in 1938 to examine the possibility of operating a transatlantic air service. In January and February 1940, this committee conducted negotiations in Washington with the State Department and the Civil Aeronautics Board to establish temporary service between Scandinavia and the United States for the duration of the war. On behalf of their partners, the Swedes offered to give Pan American Airways reciprocal landing rights in

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[69] F.R.U.S., 1944, Vol. IV, op. cit., pp. 683-4.

[70] Under existing arrangements, the A.A.T.S. could not substitute military aircraft on the Stockholm route if one of its own machines was withdrawn from service, because it could only employ airliners registered with the U.S. Civil Aeronautics Board. A.A.T.S. aircrews were liable to be executed as spies if their aircraft should force land on German occupied territory, since they did not wear military uniforms.

[71] A consortium formed in 1943 by the Government owned A.B.A., smaller private airlines, shipping, and banking concerns.

return for a number of 'clipper' flying boats. This plan was abandoned after the invasion of Norway and Denmark.[72] The Swedish legation in Washington and S.I.L.A. made several requests for a new agreement during 1943 and early 1944, and the State Department and Civil Aeronautics Board agreed to open negotiations in the autumn of 1944.

The Swedish Cabinet, however, objected to the proposed U.S. air transport service because its military character would compromise Sweden's neutrality, and certain features of the service would infringe upon Sweden's sovereignty. The Air Transport Command maintained that the service would require approximately 125 military personnel to be stationed at Bromma airport (Stockholm), and insisted that all U.S. air and ground crews in Sweden must wear military uniform. All A.T.C. aircraft would bear military insignia. The Americans also demanded that the Swedes allow the U.S.A.A.F. to establish and operate radar, metereological and communications facilities in Sweden, and that all weather reports and air traffic instructions be transmitted in secret code.[73] Members of the Swedish

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[72] M. Wallenburg, Per A. Norlin (S.I.L.A.) to Civil Aeronautics Board, 21 June 1944 letter FO 371/42618/W12540.

[73] The British were also pressing for improved communications and for permission to use secret code. The Legation in Stockholm could receive weather and operational signals from Britain by radio. BOAC and ATC messages from Stockholm were telegraphed by the Swedish Post Office to Gothenburg for radio transmission to Britain. Lufthansa was allowed to communicate with Berlin by telephone. Maycock to Assistant Chief of Air Staff (Intelligence) 18 November 1944 memorandum ADMIN 348/44, AVIA 2/2415.

government believed that these proposals would virtually convert Bromma airport into a foreign military base on Swedish territory. General Count Ehrensvärd, the Chief of Defence Staff, was disturbed that the ATC would be transmitting coded messages which the Swedes would be unable to monitor.[74] Johnson believed that the Swedes would ultimately concede most of the demands, especially if the U.S.A.A.F. were to agree to make the proposed service less military in character, and let the Swedes participate in support activities such as weather reporting.

The War Department and the Air Corps sought to overcome the Swedish objections by offering aircraft and promising a favourable outcome to the commercial aviation negotiations in Washington. The State Department refused to link the Washington negotiations with the A.T.C. proposals, since it was unwilling to give S.I.L.A. a competitive advantage over Norwegian and Danish airlines in postwar commerce. It also insisted that the Swedes should not receive transport aircraft such as the C-47, but should be given a number of interned bombers which "will not be able to compete successfully with commercial types."[75] Secretary of War Stimson attempted to press the State Department to withdraw its opposition to assisting S.I.L.A. by informing Stettinius on 7 November that General Arnold and Major General Harold George, the

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[74] F.R.U.S., 1944, Vol. IV, op. cit., p. 687.

[75] Ibid., p. 684. Stettinius to Stimson, 20 November 1944 letter, RG165, OPD336 SWEDEN (20 Nov 44).091.

Commanding General of the Air Transport Command, had informally promised S.I.L.A. representatives that Sweden would receive five C-47's once all American internees had been released.[76] The State Department did not yield to this and the War Department decided to temporarily abandon its proposal to allocate transport aircraft to Sweden, since it felt that the aircraft might be a useful bargaining counter in future negotiations with the Swedes.

The U.S.A.A.F.'s anxiety to resolve promptly the question of repatriating interned airmen and aircraft, and in establishing an A.T.C. service to Sweden did not mitigate the War Department's harsh economic policy towards Sweden. While the Department was endorsing General Nordinskiöld's request for fighters, and promoting Sweden's case at the civil aviation negotiations during October and early November 1944, it had also urged President Roosevelt to impose an embargo on Sweden's rubber imports to force the termination of Swedish German trade. On 7 November, Stimson stated that the outcome of the civil aviation negotiations

> should not interfere in any way with our demands on Sweden that she stop all the war aid which she is still rendering Germany. There is no reason, in the view of the War Department, why Sweden should not meet the desires of the Army Air Forces and the Air Transport Command and at the same time stop the vital aid afforded Germany.[77]

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[76] Stimson to Stettinius, 7 November 1944 letter, RG165, OPD336 SWEDEN (20 Nov 44).091.

[77] Ibid.

The War Department's motives transcended immediate military objectives. Most members of the A.T.C. and U.S.A.A.F. headquarters staffs were, according to the U.S.A.A.F.'s official history, "well indoctrinated with the idea of paving the way in the postwar world for U.S. aviation."[78] The fighter and transport aircraft which the War Department offered the Swedes served to establish Sweden as a future market for aircraft exports. The American aircraft industry had grown from the fortieth place on the index of industrial production in 1941 to first place in 1944.[79] The annual rate of aircraft production had grown from 25,000 in November, 1941 to almost 110,000 in March 1944. By August 1945, a total of 299,293 machines had been produced in the United States.[80] The Air Corps wanted to retain a substantial aircraft industry after the war to ensure an adequate war potential, and to facilitate continued aircraft design and development. To prevent demand for aircraft from declining sharply after the war, as it had after World War I when 40 percent of the United States' aircraft factories were dismantled, the Air Corps hoped to create new markets by selling wartime aircraft to smaller Allied and neutral powers.

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[78]Craven and Cate, Vol. 7, op. cit., p. 112.

[79]Geoffrey Derrett, Days of Sadness, Years of Triumph: The American People 1939-1945 (Baltimore: Penguin Books, 1974), p. 392.

[80]Craven and Cate, Vol. 6, op. cit., p. 350.

The War Department was considering furnishing training aircraft to Spain. During the autumn of 1944, an American air force mission remained in Argentina to promote aircraft sales even though the U.S. Ambassador had been recalled from Buenos Aires to protest the Argentine junta's Axis sympathies.[81]

The connexion between military and commercial interests was most blatant in the Air Transport Command. Before the United States entered the war, the Army Air Corps had turned to the civilian airlines to furnish expertise in organizing and operating the A.T.C. Many senior A.T.C. officers had been airline executives and pilots. During the course of providing logistical support to U.S. combat and occupation forces, they exploited their authority and material resources to develop peace-time opportunities. In October 1944, the North Atlantic Division of the A.T.C. began detailed planning for a military air transport service from New York to Moscow, via Labrador, Iceland, and Stockholm, which would be taken over by commercial interests after the war.[82]

BRITAIN AND POSTWAR AVIATION

The British Government was unaware of the U.S. air attaché's and A.T.C. representatives' activities in Sweden

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[81] A. Haigh, 13 November 1944 minute, FO 371/43546/N7412.

[82] Craven and Cate, Vol. 7, op. cit., p. 112.

during the summer and early autumn of 1944. London was concerned by the expansion of American commercial and A.T.C. operations elsewhere in the world, notably in Africa and the Middle East, where B.O.A.C. had withdrawn most of its services during the war. Britain lacked the experience, equipment, and international commercial connexions to compete seriously with American interests. In 1939, Britain's international airlines operated 89 aircraft on Imperial and Western European routes, whereas their American counterparts flew over 300 machines on an extensive network spanning Latin America, the Pacific and Atlantic Oceans.[83] The private British airlines were absorbed into a publicly owned holding company for the duration of the war, and many of their aircraft were appropriated by the R.A.F. for transport training or anti-submarine duties. In many instances, B.O.A.C. was obliged to borrow demilitarized bombers from the R.A.F. or U.S.A.A.F. to maintain its remaining services to the neutrals, Russia, and the U.S.A. American aircraft manufacturers turned out 23,928 transport aircraft during the war which represented less than 8 percent of their total output.[84] Britain's aircraft industry was devoted almost exclusively to producing fighters and bombers. The Air Ministry

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[83] Air Ministry, memorandum, Facilities for Air Services in British Territory Granted to U.S.A. during the War, enclosed in W.P. Hildred (Air Ministry) to G.P. Labouchere, 18, August 1942 letter, FO 371/32393/WH320; Sir R. Campbell (Washington) 4 July 1942 despatch 474, FO/371/32393/W9839.

[84] Craven and Cate, Vol. 6, op. cit., p. 350, 354.

recognized the need for a British designed and manufactured transport aircraft and introduced the Avro York, which was a variant of the Lancaster bomber, in 1942. However, York was considered unsuitable for postwar commercial purposes because it lacked the range and payload of the newest American transports, the C-54 (Douglas DC-4) and C-69 (Lockheed Constellation).[85]

The British government feared that U.S. airlines would, with Washington's encouragement and assistance, exploit these considerable advantages to dominate international air traffic after the war. London recognized that B.O.A.C., or its successors, would be unable to reclaim the pre-war Imperial routes or compete successfully with the Americans on postwar European or transatlantic routes.[86]

British officials believed that the wartime deployment of air power on an unprecedented scale, for transport as well as strictly military purposes, would hasten an economic revolution after war. C.P. Labouchere, of the Foreign Office's General Department and its representative in the War Cabinet's Interdepartmental Committee on Civil Aviation, observed in early 1942 that:

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[85]C. Attlee (Lord Privy Seal) to War Cabinet, 3 December 1943 memorandum W.P. (43) 537, FO 371/36447/W16931; Eden to Sinclair, 4, December 1942, letter W 16049/65/802 AIR 19/360.

[86]E. Boywer, (Ministry of Aircraft Production) to J.H. LeRougetel (F.O.), 16, December 1943 minute, FO 371/36447/W17503.

> One of the results of the war has been to make the inhabitants of all quarters of the globe...'air conscious' in a way that they have never been before and it is certain that...there is likely to be an overwhelming demand for the harnessing of this powerful force with the object of converting its potentialities into the right channels.[87]

London believed that the institution of an international organization to supervize civil aviation after the war would be the only means of preventing American interests from dominating postwar air transport.[88] Prior to the war, international routes were established through bilateral agreements between the nations and airlines concerned in accordance with the Paris Convention of 1919. Labouchere characterized the Convention as "an arrangement by which the air surrounding a country is clearly owned by that country as its actual territory, and is made the object of bargains with other countries who seek to fly through it."[89] As the United States possessed the strongest bargaining power, the Paris convention benefited American interests. Washington could offer small nations aircraft to operate reciprocal airline services to the United States in return for access and landing rights granted to U.S. airlines. The British government sought to persuade its allies to replace the convention with an

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[87]Labouchere, 20 January 1942, minute, FO/371/32376/W956.

[88]War Cabinet, I.C.C.A., 5 January, 1942 Interim Report AC (42), FO 371/32376/W856. Donald Maclean (General Dept.) 24 December 1943 minute, FO 371/36447/W17503.

[89]Labouchere, op. cit.

international organization which would regulate postwar civil aviation, restrict competition, and deny important and profitable routes to American firms.[90] Internationalization of civil aviation found wide support throughout the British government whose officials regarded U.S. airlines as the vanguard of an insidious form of 'economic imperialism.' The strong anti-American sentiment behind London's attitude towards postwar aviation is demonstrated in a letter to Sir William Jowitt, Chairman of the Interdepartmental Committee from Lord Finlay, the author of the Committee's proposals:

> It is easy to see that in unscrupulous hands aviation could become a very powerful weapon whereby a particular government either openly or under cover of Big Business could successfully conduct a policy of peaceful penetration in those regions of the world where the local governments are too weak, too poor, or too inefficient to supply for themselves the air services which the stronger nation would be only too ready to provide...the choice before the world lies between Americanization and internationalism. If this is correct, it is difficult to doubt that it is under the latter system that British interests will be best served.[91]

In late 1943, London adopted the Committee's proposal for an international civil aviation system based on regional blocs. The United States would retain control over Latin America and the Pacific where its interests already were firmly established. Britain would control air services in Europe and routes between Europe and the

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[90] Sir Orme Sargent, 17 February 1942 minute, FO 371/32376/W856.

[91] Finlay to Jowitt, 17 December 1942, Letter R.P. (42) 48, FO 371/32376/W18127.

United States.[92] The British government believed that Britain was geographically and materially best suited to lead a European aviation bloc.[93] Europe was relatively free from U.S. penetration, and Britain's postwar commercial air power would be stronger than that of European nations. B.O.A.C. and the European nations would pool their resources to form a cartel to operate international air services. Furthermore, Britain would become the terminus for transatlantic flights to prevent American airlines from establishing direct service to Europe and to encourage European passengers to travel to the United States on British aircraft.

However, the British required international support for their proposals before they could 'internationalize' the world's airways. This support was not forthcoming when delegations from 22 nations met in Chicago during November 1944 to determine what system would govern postwar civil aviation. Prior to the conference, London assumed that pro-British sentiment and fear of 'Americanization' would prompt the Dominions and European governments-in-exile to endorse the 'internationalization' scheme. However, most delegations at Chicago rejected the British plan in favour of an American proposal to establish a laisser-faire

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[92] W.P. Hildred (Director General of Civil Aviation, Air Ministry), 7 June 1943 minute, AVTA 2/2442.

[93] Sinclair to Eden, 29 January 1943 Letter, FO 954/22 PT.1.

system similar to the one which had existed before the outbreak of the war.[94] The Americans warned the British delegation that the outcome of the conference would influence Washington's attitude towards the extension of lend-lease deliveries after the war. President Roosevelt informed Churchill candidly that the U.S. Congress would not be in "a generous mood if it and the people feel that the United Kingdom has not agreed to a generally beneficial air agreement."[95] However, the British delegation continued to press for international aviation controls. The Chicago convention ended inconclusively. The Americans then proceeded to negotiate commercial aviation agreements with European neutrals and allies.

Sweden was not represented at the Chicago conference, which was restricted to members of the United Nations. However Stockholm shared most delegations' opposition to the 'Internationalist' proposals. Many Swedes insinuated that the British efforts to restrict competition would harm the interests of small nations. On 1 March 1943, a leading article in the Stockholm newspaper,

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[94] Adolf A. Berle, Navigating the Rapids, 1918-1971; (New York: Harcourt Brace Jovanovich, 1973) pp. 504-11.

[95] Robert M. Hathaway, Ambiguous Partnership: Britain and America 1944-1947 (New York: Columbia University Press 1981), p. 83. Christopher Thorne, Allies of a Kind: The United States, Britain and the War Against Japan 1941-1945. (Oxford: Oxford University Press, 1978), p. 512.

Svenska Dagbladet, proclaimed that

> when great powers say that there is no reason for the small states to operate their own international airlines, Sweden must launch a firm protest... Small states must assert themselves...if they aren't to be ignored when the Great Powers decide the world's fate after the war.[96]

Per Norlin, the managing director of A.B.A. and S.I.L.A., and the Swedish government shared this attitude towards 'internationalized aviation'. Norlin's attitude was supported by the Swedish government. In early 1944, the Swedes entered discussions with the Free French, Dutch and Belgian governments to consider instituting reciprocal postwar air services between Stockholm, Amsterdam, Brussels, and Paris. A.B.A. was also interested in establishing a route to Moscow via Leningrad and Helsinki. Stockholm to New York flights would stop in Iceland, Newfoundland, and Labrador. The British also discovered through intercepted letters between a Swedish shipping company and a firm in Vancouver, Canada that S.I.L.A. was interested in establishing a route over Canada to the Pacific.[97] Norlin recognized that a small nation would have difficulty in competing with U.S. airlines on the North Atlantic route. He therefore invited Norwegian and Danish interests to pool their

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[96]"A Transatlantic Route," Svenska Dagbladet, translation enclosed in Maycock to Assistant Chief of Air Staff, 5 March 1943 despatch SWD Z1/43, AVIA 2/2442.

[97]Ministry of Economic Warfare to Air Ministry, Postal intercept: Axel Johnson, Jr. to R.E. Borcharevink, 7 September 1943, AVIA 2/2442.

resources with A.I.L.A. after the war.[98]

The Air Ministry did not feel especially concerned about the Swedish efforts to establish European routes after the war since it assumed that the Europeans would favour Britain, their ally, over the neutral Sweden. It was disturbed about the proposed S.I.L.A. service to New York which would probably result in Stockholm conferring reciprocal rights to an American airline. If Sweden did not join the 'internationalized' system, the United States would be able to circumvent any 'internationalized' barriers designed to prevent U.S. penetration of European markets.[99] Under the system which the British proposed, U.S. transatlantic flights would have to terminate in Britain and could not proceed to other European countries. If the Americans were to establish a service to Sweden however, they could use Stockholm as a base for operating direct U.S. flights to European cities.[100] As an interim measure, to prevent the Swedes from establishing this service, "at least until the present clouds in the international sky have been cleared," the Air Ministry and Foreign Office endeavoured to "place obstacles in the way

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[98]N.T.A. Cheetham (Foreign Office) to W.G. Cribbet (Air Ministry) 23 August 1944, FO 371/42618/W12540.

[99]Hildred, 3 September 1944 minute, AVIA 2/2415.

[100]W.W. Burkett (Air Ministry) to H.E. Archer, Dominions Office, 5 September 1944 letter FO 371/42618/W13528.

of the Scandinavian Air Services."[101] The Swedes were informed in September 1944 that the British Chiefs of Staff objected to the institution of Swedish transatlantic flights while the war in Europe continued because Swedish pilots might inform German U-boats about Allied shipping movements. The Dominions Office also pressed the Canadian and Newfoundland governments to refuse, on 'security grounds', to grant the Swedes landing facilities.

The Air Ministry also feared that the inauguration of the temporary A.A.T.S. flights to Stockholm in March 1944 would provide the Americans with another opportunity to secure a bilateral civil aviation agreement. Although Britain relied upon the service for its own transport requirements, the Air Ministry was not, in C.F.A. Warner's words, "keen that the Americans should be encouraged to go on running between here and Stockholm longer than was necessary."[102] When the service lasted longer than originally expected, some R.A.F. officers tried to hamper A.A.T.S. operations between Scotland and Sweden during the autumn of 1944. On 9 November, Johnson reported that the British authorities at Leuchars 'grounded' U.S. Liberators while permitting BOAC flights to proceed to Stockholm. In September, the British legation in Stockholm suddenly withheld visas to Norwegians leaving Sweden, "ostensibly for

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[101] Hildred, op. cit.

[102] Warner to Wheeler, 4 July 1944 letter, CAB 111/148.

security reasons although the effect was to show up A.A.T.S. for lack of passengers."[103] The Americans overcame these obstacles by transferring most of the A.A.T.S. operations to the U.S.A.A.F. base at Metfield in Suffolk, and to Iceland in late November.[104]

FAIT ACCOMPLI - MUSTANGS FOR SWEDEN:
NOVEMBER 1944 - MAY 1945

The British legation in Stockholm and the Air Ministry had received several reports indicating that the Americans and Swedes were 'getting together' in the fields of military and civil aviation during the early autumn of 1944. However, the Foreign Office dismissed these reports as rumours which the Swedes had concocted to stimulate British interest in selling Spitfires. The Foreign Office believed that the Americans would have informed London if anything significant had transpired between the Swedish Air Force and the U.S. air attaché. However, the Foreign Office began to take the reports seriously when they were confirmed by more substantial evidence of the extent of the impending Swedish-American collaboration.

In late October, Maycock informed the Air Ministry that Captain Nordenskiöld was travelling to Washington to

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[103]Johnson to Stettinius, 9 November 1944 telegram 4593, RG.165, OPD 009.SWD (9,11,44).091.

[104]Craven and Cate, Vol. 7, op. cit., p. 110.

assume the post of air attaché. Maycock reported that Nordenskiöld would be visiting London where he would be entertained by the U.S.A.A.F. and would also inspect American bases in England. Maycock suggested that Nordenskiöld should be invited to spend a day with the R.A.F. to see a demonstration of the latest model Spitfire. On 26 October, Wing Commander Peveler told the Foreign Office that the Air Ministry believed that the United States contemplated selling fighters to the Swedes. The Ministry did not know if the Americans planned to supply the aircraft during or after the war. Peveler stated that the R.A.F. would oppose any wartime transaction and would try to stop it through the Combined Munitions Assignment Board.[105]

Washington's intention to base an extensive air transport operation in Sweden came to light when Svenska Dagbladet revealed, on 3 November, that the Americans proposed to establish a military air service between Stockholm and New York, and had asked the Swedes for special ground facilities. Maycock reported that the A.T.C. was already employing some released internees as ground crew, that Colonel Balchen had rented two large houses near Bromma airport for use as barracks and that Swedish contractors were engaged to construct a mess hall

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[105]Peveler - Galsworthy, 26 October 1944 minute, FO 371/43509/N672.

in the "quickest construction job carried out in this country."[106]

Mallet informed the Foreign Office on 11 November that Boheman had recently remarked that although the War Department was "putting every obstacle in the way of Sweden receiving essential supplies the 'Air Department' was doing everything they could to play up to the Swedes."[107] Boheman added that the Americans had offered a large number of fighters in order to 'pave the way' for the establishment of a civil airline before the end of the war. W. Hayter, of the Foreign Office's American Department, found Boheman's revelations "puzzling" since he believed that "it is unlikely that the Americans would be in a position to offer anyone fighter aircraft."[108] Other officials were less surprised by this news since the U.S. still maintained an air mission in Buenos Aires, and was known to be offering trainer aircraft to Iraq and Turkey.

Boheman's remarks were reinforced when the Swedish Air Force disclosed that it considered the Mustang to be the "best fighter in the world today".[109] Nordinsköild

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[106]Maycock - Assistant Chief Air Staff (Intelligence) 3 November 1944 despatch AA. SWD. 77/44, AVIA 2/2415.

[107]Mallet to Foreign Office, 11 November 1944 telegram 1342, FO 371/43546/N7412.

[108]Hayter, 13 November 1944 minute, FO 371/43546/N7412.

[109]Mallet to Foreign Office, 14 November 1944 telegram 65 SAVING, FO 371/43546/N7413.

was pressing the government to accept the American offer since it seemed unlikely that a similar offer would be forthcoming from the British. At an Allied attachés' luncheon, General Ljungdahl told Maycock that the Swedish government was hesitant about consummating the deal for fear the Americans might expect some 'unneutral' quid pro quo, such as the use of Swedish air bases. Ljungdahl then asked for details about the latest model Spitfire, Typhoon, and Tempest, adding that the Swedish air staff would prefer to obtain British aircraft, since American equipment would commit Sweden to new engines, guns, radios, and maintenance techniques. Moreover, the United States was a more distant source of supply than Britain. Maycock later complained to Mallet that Warner's instructions of July to refrain from encouraging Swedish interest in British fighters prevented him from "doing more than whet Ljungdahl's appetite" for the Spitfire XIV. He stated that the U.S.A.F. and U.S. air attaché were responsible to the War Department, whom Warner had earlier described as "hysterically" opposed to supporting Sweden. Maycock warned, "It is clearly not to our advantage to allow the Americans to supply these fighters as it would be the first step to cutting our lucrative trade in aviation material for a long time."[110]

The R.A.F. delègation in Washington held informal discussions with the Aviation Division of the State Depart-

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[110] Ibid.

ment which denied holding negotiations with the Swedes for the establishment of a U.S. civil air service to Sweden, although tentative American-Swedish negotiations concerning postwar civil aviation had been held during the summer. Assistant Secretary of State, Adolf Berle, the chief U.S. delegate to the Chicago conference, professed ignorance of any plans to sell aircraft to Sweden. "The State Department implied that if anything were afoot it was entirely in the hands of American military authorities and no concern of theirs."[111] The British also discovered that although no aircraft could be sold to Sweden without the Combined Munitions Assignment Board's approval, the Board did not have jurisdiction over machines which were declared as surplus. Mallet pressed Johnson for an explanation of the U.S. air attaché's activities in Stockholm, but the American minister blandly responded that the proposed air service was only part of the postwar occupation forces' logistics service, and did not mention fighters.[112] When Maycock admitted, with some embarrassment, to Nordinskiöld that the Americans had not informed him of the fighter deal, the Swede expressed surprise, since he had assumed that the British and Americans were working in close collaboration in the matter.

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[111] Halifax to Foreign Offic, 19 November 1944 telegram 6212, FO 371/43546/W7414.

[112] Mallet to Foreign Office, 24 November 1944 telegram 1406, FO 371/43546/W75863.

On 22 November, the R.A.F. delegation learned that the U.S. actually did plan to sell P-47's or P-51's to Sweden and that the question was about to be tabled before the Combined Munitions Assignment Board for approval. The Air Ministry reproached the Foreign Office for having prevented it from satisfying the Swedes' desire for Spitfires, in March 1944 and during 1943, (although on both occasions, the Air Ministry itself had insisted that no fighters were available for export). The British representatives on the C.M.A.B. were directed to obstruct the proposed sale. They were to argue that the R.A.F.'s inventory of Mustangs and Lightnings were inadequate, since the Americans had pressured Britain into reducing its fighter imports earlier in the year. The Air Ministry argued that the war had reached the stage where the longer-range P-51 and P-47 were more valuable to the R.A.F. than the short-range defensive Spitfire. The Ministry insisted that Britain and not Sweden should receive any spare American fighters.

> If it is essential for political and economic reasons to supply fighter type aircraft to the Swedes, it would be far more advantageous to the cause of our united war effort to supply Spitfires in which the Swedes have already evinced a lively interest rather than P-47's or P-51's.[113]

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[113]Air Vice Marshal D. Colyer to Warner, 24 November 1944 letter A.C.A.S.(P)/154/130 FO 371/43546/ N7417. Air Ministry to R.A.F.DEL., 27 November 1944 telegram AIRSIGN 737, CAB 122/916.

The Foreign Office instructed the Washington embassy to make similar representations to the State Department. Whereas the Air Ministry was concerned over the prospects of American competition, the Foreign Office was primarily disturbed by American secretiveness. The Northern Department regarded the Americans' behaviour as a breach of the Anglo-American 'common front' since London had always kept Washington informed of its own discussions with the Swedes.[114] The Foreign Office remained reluctant to supply aircraft to Sweden without receiving a quid pro quo. London did not associate the proposed transfer with Johnson's efforts to repatriate U.S. internees. Some officials such as Warner hoped that neither London nor Washington would become committed to supplying the Swedish Air Force. Warner feared that, "the Russians "might think it odd" if Britain and the U.S. were to build up a neutral's air power."[115]

The U.S.A.A.F. countered the British protests by declaring that the proposed sale was vital to the Allied war effort. At the C.M.A.B. meeting of 30 November, General Giles contended that the aircraft were a condition

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[114] Eden to Halifax, 29 November 1944 telegram 10146, FO 115/4028. Some Foreign Office officials, such as Richard Law, shared the Air Ministry's attitude, "If any aircraft are supplied to Sweden, they should be British and not American." 26 November 1944, FO 371/43546/N7415.

[115] Warner, 10 December 1944, Minute, FO 371/43546/N7720.

for the release of 1100 U.S. airmen in Sweden, although Stockholm had insisted that the two issues should be negotiated separately to avoid the appearance of 'bargaining.'[116] Giles explained that the U.S. Chiefs of Staff believed that "the return of internees was of greater operational and moral importance than the tying up of 70 fighters, although these are in tight supply." Moreover, the U.S.A.A.F. had made a definite promise to sell seventy P-47's or P-51's. Giles added that Britain's allocation of 135 P-47's for the first six months of 1945 was "liberal", and that the R.A.F. did not require additional machines since short-range fighters could now operate from European bases. General York (U.S.A.), chairman of the C.M.A.B., ruled that the assignment of aircraft to Sweden should be made, subject to British approval. Air Vice Marshal Courtney, the R.A.F. representative at the Board, warned London that "I still think the Americans have other irons in the fire beside return of aircrews and are determined to obtain a firm foothold in Sweden."[117]

The Air Ministry and Foreign Office shared Courtney's suspicions, but were unable to verify them since there was no evidence to suggest that the fighter and civil

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[116] R.A.F.DEL. to Air Ministry, 30 November 1944 telegram SIGNAIR 626 CAB 122/916.

[117] R.A.F.DEL. to Air Ministry, 30 November 1944, op. cit.

aviation questions were connected. Mallet alleged that the fighters were a quid pro quo for the return of 70 interned bombers but he was unable to get the Swedes or the U.S. legation to confirm this.[118] The American argument, however, was substantiated by the fact that a majority of U.S. and all British internees had been released by early December 1944. On 5 December, Wing Commander Peveler informed Anthony Haigh that the Air Ministry was considering whether it stood to gain more by allowing "the Americans to get away with this" in order to set a precedent which would enable Britain to sell aircraft to other countries "without having to take the Americans into consideration."[119]

On 10 December, the Air Ministry decided to offer Sweden 20 obsolescent Spitfire IX aircraft in return for the right to establish a radar station at Malmö which the air staff believed to be an 'operational necessity' in directing air raids against Berlin. Mallet had informed London that the Swedes were more likely to demand radar sets for the navy as a quid pro quo, but the Air Ministry was reluctant to consider this alternative since the sale of radar equipment would require approval of the Combined Chiefs of Staff. Moreover, it desired to equip the Swedish

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[118] Mallet to Foreign Office, 6 December 1944 telegram 1461, FO 371/43509/N7663.

[119] Haigh, 5 December 1944 minute, FO 371/43541/N7586.

Air Force with Spitfires "in any case....to counter the American tendency to dominate this potential market for aircraft."[120] The Ministry of Economic Warfare also indicated that it would strongly support such sales to Sweden to alleviate London's shortage of Swedish currency.[121] The R.A.F. delegation was instructed to withdraw its opposition to the sale of American fighters to Sweden. It was, however, directed to ask the Americans to delay delivery of these machines if the Swedes refused to allow the British to establish the radar facilities. The Americans proposed to give the Swedes 25 P-47's immediately, 25 more in January, and an additional 20 at a later date on a 'cash-and-carry' basis.[122] Although the British were anxious to persuade the Americans to defer deliveries, pending the outcome of the radar negotiations, they agreed to permit the delivery of the initial allotment of aircraft. At the beginning of January 1945, the Foreign Office had, in the Northern Department's opinion, "disinterested ourselves in what the Americans do", and advised the Air Ministry that there was "nothing more to do" about the proposed fighter sales. The Swedes resisted

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[120]Colyer to Air Vice Marshal Wilcock (R.A.F.DEL.) 13 December 1944 telegram Webber W.10876, CAB 122/916.

[121]Colyer to Warner, 10 December 1944 letter ACAS(P)/1604, FO 371/43546/N7720.

[122]E.C. Kielkopf, T.E.H. Birley, Combined Secretariat, C.M.A.B., 25 November 1944 memorandum M.B.W. (AIR) 279, CAB 122/916.

London's entreaties over the radar question.[123] However, aircraft deliveries were delayed through late December, January, and February while the Americans and Swedes haggled over the price of the machines.

In early February 1945, General Spaatz advised Washington to sell Sweden 46 P-51 fighters rather than 70 P-47's, which he felt were extremely valuable for strafing and other ground support missions. Moreover, four Mustangs had already force-landed in Sweden, and the Swedes would thus be more familiar with the P-51 maintenance and operation. The Air Ministry made a final attempt to block the aircraft sale by insisting that Spaatz' proposal was "essentially different" from the earlier scheme concerning P-47's.[124] The Ministry argued that South East Asia Command's fighter forces would be seriously short of P-51's as a consequence of American pressure to forego 180 Mustangs in the early autumn of 1944. It contended that any available Mustangs should be immediately allocated to Mountbatten's forces rather than to Sweden. The Air Ministry did not seriously believe that it could prevent the Americans from selling fighters to Sweden, but felt that it might make a 'stronger claim' for obtaining additional Mustangs if the British registered their opposition to the

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[123] G. Warr, 5 January 1945 minute, FO 371/48024/N389.

[124] Colyer to Dickson, 20 February 1945 telegram WEBBER W.1627, CAB 122/916.

Swedish-American deal.[125] The U.S. Air Force reacted to the British protest by elaborating on how Sweden was helping the Allied war effort and that Mountbatten's Mustang requirements were not urgent owing to "the overwhelming air superiority" in South East Asia. Giles added that since current P-51 production amounted to 800 aircraft a month, it was premature to consider South East Asia Command's fighter requirements for May and June.[126] The R.A.F. delegation relented on 24 February after Giles intimated that the British would receive favourable consideration on future supply questions if they withdrew their opposition to providing P-51's to Sweden. In the middle of March, the U.S.A.A.F. transferred the Mustangs to the United States Commercial Corporation which was responsible for selling government property to neutral governments. In early April 1945, U.S. pilots flew the first Mustangs to Bromma airport, where Johnson transferred the fighters officially to the Swedish Air Force.[127]

All other outstanding aviation issues in Swedish-American relations were resolved during the last five months of the war. Brigadier General Alfred Kessler, who had been

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[125] Ibid.; Colyer to Dickson, 24 February 1945 telegram WEBBER W. 1748, FO 371/48024/N2224.

[126] R.A.F.DEL. to Air Ministry, 20 February 1945 telegram WEBBER W. 1627, FO 371/48024/N909.

[127] Brigadier General Kessler to Johnson, 29 March 1945 memorandum, Hershell V. Johnson Papers.

attached to U.S. 'shuttle bombing' forces in Russia, became U.S. air attaché in Stockholm on 10 January 1945. Mallet surmised that Kessler was appointed to oversee the release of the interned aircrews, the bombers, the establishment of the A.T.C. service, and to lend greater prestige to the U.S. Army Air Corps in Sweden. By the end of December 1944, the Swedes had interned three thousand Germans, who were given political re-education courses.[128] At the beginning of January 1945, 225 Americans were still interned in Sweden. On 15 January, the Swedish government released all of these, except 25 who would remain in Sweden under token internment. The U.S. War Department accepted this arrangement and decided to keep 100 airmen in Sweden to maintain interned aircraft and to make preparations for the planned A.T.C. operation.[129]

On 16 December 1944, the U.S. and Swedish governments concluded a civil aviation agreement which sanctioned the establishment of reciprocal American and Swedish commercial flights between Stockholm, New York, and Chicago.[130] Negotiations concerning the A.T.C. proposals, however, remained deadlocked due to Swedish objections to

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[128]Gordon Knox, U.S. press attaché to Johnson, 22 December 1944, Hershell V. Johnson Papers.

[129]Captain R. Robb (USAAF) to Johnson, 15 March 1945, Report of Interned Aircrews on Temporary Duty in Sweden, Hershell V. Johnson Papers.

[130]For text of agreement, see U.S. Department of State Bulletin, 17 December 1944, pp. 157-9.

the 'military' character of the operation. On 27 January, Hugh Cumming, Chief of the State Department's Division of Northern European Affairs, was directed to travel to Sweden to expedite negotiations. The American legation drafted an agreement in late February which permitted Swedish authorities to scrutinize the A.T.C. ground operations, such as traffic control; stipulated that U.S. aircrews would change to civilian clothes when they left Bromma airport; and granted Swedish ownership of all radar communications and maintenance facilities once A.T.C. operations were completed. The Swedish government refused to ratify this agreement because of what Cumming described as "narrow concepts of Sweden's position as a neutral" and by "irritation over various aspects of our policies with respect to Sweden."[131] Cumming also suspected that the British were aware of the American commercial aviation aims, and "one way or another are trying to throw sand in the machinery."[132] After lobbying by the Swedish Foreign Ministry and civil aviation interests however, the Swedish government agreed to conclude the agreement on 13 March. The Air Transport Command initiated flights from Stockholm in May, and the service was concluded in August 1945, since the outcome of the Chicago conference enabled Washington to conclude reciprocal agreements with European

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[131] F.R.U.S., 1945, Vol. V, op. cit., p. 752.

[132] There is no evidence indicating that the British attempted openly to induce the Swedes to reject the draft agreement, but it is possible that the British legation encouraged some of the 'neutralist' objections to the A.T.C. proposal.

nations freely. A Stockholm landing was no longer necessary in order to circumvent 'internationalist' barriers in Europe. The Stockholm to New York air service was taken over by American-Export Airlines.[133] Once the A.T.C. departed from Sweden, the Swedes acquired a modern airport and ancillary communications facilities.

The Americans overcame Swedish recalcitrance towards releasing the interned bombers by furnishing additional aircraft to Sweden. In February, General Arnold authorized General Kessler to offer to let Sweden keep up to twenty bombers if the Swedes released the other 110 aircraft.[134] Johnson believed it would be a mistake to 'bargain' with the Swedes and persuaded Washington to give the bombers to Sweden as a gift after the Swedes had agreed to the American demand. Johnson also decided to obtain support from the Foreign Ministry and Swedish Air Force before pressing the demand on the Swedish cabinet. General Nordinskiöld was especially anxious to help the Americans, from whom he had obtained Mustang fighters and who might provide other forms of assistance in the future. After lengthy debate within the Swedish government, the Americans were informed on 7 April 1945 that Sweden would release all American aircraft which had force-landed prior to January 1945. In accordance with traditional practice, the

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[133] Craven and Cate, op. cit., Vol. 7, p. 112.

[134] F.R.U.S., 1945, Vol. V, op. cit., pp. 758-9.

Swedes also released four German fighters. Foreign Minister Günther explained that it had been difficult to overcome the opposition of some 'neutrally minded' cabinet members, such as Edvin Sköld, the Defence Minister, and that the token return of the German aircraft served "to calm their conscience at a breach of technical neutrality.[135] As a gesture of gratitude, the U.S. government granted Sweden seven B-17's, to be converted into civil airliners, plus two more Fortresses to provide spare parts.[136]

At the end of World War II, American influence predominated Sweden's military and civil aviation. Some quarters in London, notably the Air Ministry, R.A.F., and General Department of the Foreign Office, resented the Americans for unilaterally exploiting the war to cultivate a new postwar market at Britain's expense. It must be noted, however, that until London had learned of the American efforts, the British had refused to accommodate Sweden's desire for Spitfires, which in turn made the Swedes amenable to the American proposal. Although some British officials had actively considered postwar commerce, and a few R.A.F. officers sought to develop closer ties with the Swedish Air Force, the Northern

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[135] Ibid., p. 761.

[136] Stettinius to Stimson, 21 April 1945 letter R.G.165, OPD336 SWEDEN 091; Mallet to Foreign Office, 10 April 1945 telegram 605, FO 371/45024/N3961.
Erik Boheman På vakt. Kabinettssekreterare under andra väldskriget (Stockholm:Norstedts 1964) p. 306.

Department was concerned primarily with more immediate issues relating to the war, and believed that aircraft could only be used to induce Sweden to assist the Allied war effort. Unlike the Americans, the Department was anxious to avoid ill feeling between Britain and its Allies by supplying aircraft to Sweden. Due to the British aircraft industry's smaller productive capacity, London could not afford to promote the sale of military aircraft without undermining the R.A.F.'s strength. Consequently, Britain was unable to offer Sweden a substantial incentive in return for complying with its requests for radar and communications facilities during late 1944 and 1945. Twenty obsolescent Spitfires were less enticing than fifty modern Mustangs. Furthermore, the Foreign Office's insistence upon receiving a quid pro quo for aircraft virtually ensured that Sweden would not accept the twenty Spitfires in return for radar bases which would improve the R.A.F.'s bombing accuracy. B.O.A.C. also sought to install its own communications and flight control facilities in Sweden during early 1945, but did not offer the Swedes any reciprocal privileges. Anglo-Swedish negotiations concerning this question did not progress beyond the initial stages before the war in Europe ended.

In the realm of civil aviation, Britain forfeited the substance of competitive aircraft sales and airline services by grasping the shadow of 'internationalism' long after it had become apparent that the United States, Sweden, and other nations did not wish to subdue their own

aspirations and freedoms for the sake of participation in a supranational bureaucracy. Canada was a strong supporter of the United States at the Chicago conference, and by December 1944 the Canadians were no longer willing to withhold landing rights from S.L.I.A. The British prevented S.I.L.A. from inaugurating its transatlantic service, on 'security grounds,' until May 1945, when the Chiefs of Staff decided that this argument was no longer valid.[137] London persisted in advancing its case for international controls and ignored the necessity of negotiating bilateral civil aviation arrangements. Until late 1944, the British had not opened negotiations with the Swedes for a postwar agreement. Once hostilities ceased, Britain had yet to conclude a civil aviation agreement which would replace the temporary agreement sanctioning the wartime Stockholm to Scotland service. B.O.A.C. put a York aircraft on this service in late 1944 in hopes of stimulating Swedish interest in British airlines. The York did not attract as much interest in Stockholm as two Douglas DC-4's (C-54, Skymaster) which conveyed Cumming's delegation to Stockholm in early February 1945. Some Swedish newspapers proclaimed that the Skymaster was "Sweden's future Atlantic aircraft."[138] Shortly afterwards,

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[137] Chiefs of Staff Committee, 16 May 1945, COS(45) 88 meeting, minute 21, FO 371/50278/W6578.

[138] Mallet to Eden, 27 February 1945 despatch 112(156/6/645), FO 371/50277/W13476.

S.L.I.A. announced that it had purchased 10 DC-4's in late 1944, which would be delivered after the cessation of hostilities. A.B.A. also obtained five DC-3's for its European services.

Shortly after the war, a British journalist wrote that he and many other British passengers preferred travelling between Sweden and Britain on A.B.A. rather than B.O.A.C. They found the service aboard the converted B-17's more comfortable and efficient by comparison with B.O.A.C.'s Yorks.[139] This instance was analogous with Britain's overall stature in the world in 1945.

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[139]Gordon Young, Outposts of Peace (London: Right Book Club, 1946), p. 130.

CHAPTER SEVEN

SWEDEN AND THE WAR, SEPTEMBER 1944 - MAY 1945: CONTEMPTIBLE NEUTRAL OR OPPORTUNISTIC LIBERATOR?

Throughout most of the war, British officials considered the prospect of Swedish intervention against Germany as a moot question. The Foreign Office believed that only a German invasion would goad the Swedes to enter the war and that Stockholm would not agree to discuss its defence plans with the Allies until this contingency had arisen. The chances of Germany attacking Sweden diminished steadily as German forces became more heavily committed against the Allies. The British and American Chiefs of Staff believed that Stalin's proposal to press Stockholm to concede air bases to the Allies would create more logistical problems than could be justified by the possible benefits of these facilities. Furthermore, the British government believed that Sweden's continued neutrality suited Allied interests in providing a base for conducting intelligence and other forms of clandestine warfare.

During late 1944, London began to reassess the desirability and likelihood of inducing Sweden to enter the war. By the spring of 1945, the British were pressing Stockholm for staff talks in preparation for Swedish intervention against Germany. What accounts for this volte face in London's attitude and what developments

prompted London to reconsider this question? How could Sweden's late entry into war hasten Germany's defeat?

SEPTEMBER 1944: RUMOURS AND SUPPOSITIONS

London began to examine Sweden's role in the war after the legation in Stockholm reported that some Swedish diplomatic and military officials had privately stated that Sweden might intervene to liberate Norway and Denmark. Operation Graffham, German fears of Allied landings in Norway during the early summer, and Allied rhetoric at the time of the démarche of 24 August led many Swedes to believe that the Allies desired a more dramatic concession from Sweden than the mere cessation of trade with Germany.[1] While making oral remarks to supplement the démarche, Mallet alluded to a speech which Churchill gave to Parliament after Turkey had severed relations with Germany on 2 August. Churchill admonished neutrals not to "dally with the evil" which happened to be the "Losing side... . Neutrals will find that their position in the world cannot remain entirely unaffected by the part they have chosen to play in the crisis of the war."[2] The démarche did not explicitly demand the cessation of Swedish exports, and Mallet and Johnson repeatedly stated that the

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[1]See Chapter Five.

[2]W.S. Churchill, 2 August 1944, "The War Situation," speech to House of Commons, The Dawn of Liberation, war speeches compiled by Charles Eade (London: Cassell & Co., 1945), p. 163.

Allies desired an 'open action' and 'steps which would shorten the war,' without categorically stating what the Allies expected. In early September, Mallet informed London that Swedish government advisers believed the démarche would be followed by an Allied request to establish air bases in Sweden.

On 2 September, before Stockholm formally replied to the démarche, Erik Boheman explained to Mallet and Johnson that the Swedish public was "wedded" to the concept of neutrality and that Prime Minister Hansson was unwilling to publicly reorient Sweden's foreign policy.[3] He elaborated that the Swedish Cabinet could not discover any intermediate position between neutrality and belligerence. However, Mallet was surprised when Boheman declared that the Swedish Government would "take the action which the Allies are demanding" if Germany provided a pretext by committing atrocities in Denmark or by occupying the Åland Islands.[4] Mallet perceived that the Swedes were contemplating diplomatic rather than economic sanctions, and suspected that the Swedes had misconstrued the Allied note as an ultimatum demanding political and military collaboration. On 16 September, Mallet informed the Foreign Office that Boheman tentatively mentioned a private proposal for Sweden to ask Germany to withdraw troops from Norway and

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[3]Mallet - M.E.W., 2 September 1944 telegram 788 ARFAR, FO 837/913.

[4]Ibid.; F.R.U.S., Vol. IV, 1944, op. cit., pp. 630-31.

Denmark. Stockholm would break off relations with Berlin if the Germans rejected this request.[5] Boheman added that he hoped Stockholm could avoid forcing a break with Germany. In his opinion, Sweden could give assistance to the peoples of occupied Europe if it remained neutral and exploited its diplomatic influence with Berlin. He cited that the Germans were anxious that Sweden take custody of their assets in the U.S.S.R., and he believed Stockholm could use this bargain for the repatriation of all Norwegians who were imprisoned by the Gestapo. Mallet also reported that it was rumoured that General Ehrensward, Chief of Defence Staff, had met with the Swedish Cabinet to discuss possible military actions which might placate the Allies.[6] Swedish intelligence had learned that Field Marshal Montgomery was assembling a force for an airborne assault against an unknown target in northern Europe. The Swedish military assumed this assault would take place either in Denmark or the Netherlands. The Swedish armed forces were placed on alert, and the Swedish service chiefs were reportedly planning to assist the Danish resistance to assume political authority if the Allies invaded Denmark.

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[5]Mallet - Foreign Office, 16 Setpember 1944 tel. 1071, CAB 122/915.

[6]Mallet - Sargent, 16 September 1944 tel. 1972, CAB 122/915; Mallet - Warner, 21 September 1944 letter (283/111/44), FO 371/43457/N6074.

The probability of an Allied operation in Denmark diminished when Stockholm learned of the battle of Arnhem 17 and 30 September. However Mallet reported that many Swedes continued to suspect that the Allies wanted Sweden to intervene in the war. Even Mallet was uncertain as to what action London expected of Sweden. He believed the démarche could be interpreted as a request for Sweden to join the Allies, or at least to break off relations with Germany. However, such demands were radically different from those which the Allies had presented in the past. Moreover, Mallet could not understand why he had not been fully informed if London and Washington had altered Allied policy towards Sweden drastically. "I am of course as much in the dark as he [Boheman] as to whether German evacuation [of Norway and Denmark] would help or hinder our military operations."[7] Therefore on 21 September, he asked Warner to clarify London's attitude towards Sweden, and stated that he would not encourage the Swedes to sever ties with Germany unless the Allies wanted Sweden to help liberate Norway and Denmark.

The Swedish reaction to the démarche surprised the Foreign Office and Ministry of Economic Warfare. The M.E.W. was strongly opposed to forcing a rupture of Swedish-German relations since Sweden would become useless as a base for S.O.E. and intelligence operations. G.H. Villiers commented, "We should be extremely unwilling to

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[7] Ibid.

risk losing the substance by grasping at the shadow."[8] The Foreign Office was skeptical of Mallet's reports that Swedish military and political authorities contemplated an open confrontation with Germany. Warner contemptuously remarked that the suggestion that Sweden might intervene if given a pretext was not

> very respectable of M. Boheman to suggest that the sister country, Denmark, should undergo suffering in order to provide an excuse for the Swedes to play a decent role. The Swedish attitude with its quibbles and excuses is despicable.[9]

Before the Foreign Office clarified its position to Mallet, it forwarded his correspondence to the Chiefs of Staff with a request to consider the benefits which might be gained from Sweden's intervention. The Chiefs concluded that Swedish forces would be useful in clearing German forces from Norway. Luftwaffe and U-boat bases would no longer threaten the Arctic convoy routes if the Germans were forced to evacuate Norway. However, Sweden would have to undertake this action alone since the Allies could not divert materiel or manpower from Western Europe. The Chiefs doubted that Sweden would actually enter the war in the light of Stockholm's past behaviour towards the Allies. Moreover, they were reluctant to pursue this question since it would have to be presented to the U.S. Chiefs of

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[8]M.E.W. - Washington, 9 September 1944 tel. 2062, FO 371/43456/N5258.

[9]Warner, 4 September 1944 minute, FO 371/43457/N5317.

Staff. Washington might employ harsh diplomatic tactics to force Sweden into the war, and these tactics would render Stockholm less rather than more willing to join the Allies.[10]

In a personal letter to Mallet of 27 September, Warner denied that London ever intended to force Sweden to rupture relations with Germany, and added that such a breach would harm British interests. He mentioned that whenever the Chiefs of Staff had been asked if they anticipated any far-reaching military objectives involving Sweden, they had always replied that they were "unable to think of any."[11] He wrote that the Swedes, and apparently the British legation, had evidently misinterpreted the <u>démarche</u> of 24th August. He explained that the confusion was probably attributable to the note's vague language which London hoped would convey what Washington wanted to express "with a flourish of trumpets." Warner suspected that the rhetoric which Johnson employed in informal conversations with Günther and Boheman, before 24 August, had helped to create the impression that the Allies were seeking more than a trade embargo.

Mallet did not encourage the Swedes to consider military or diplomatic action against Germany. After the uncertainty of late August and September subsided, Prime Minister Hansson and his Cabinet reiterated their determina-

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[10]Brig. Hollis, Secretary, Chiefs of Staff Committee, to Warner, 18 September 1944 letter (C.O.S. 1605/4), CAB 122/915.

[11]Warner - Mallet, 27 September 1944 letter, FO 371/43539/N8447.

tion to keep Sweden neutral for the duration of the war. Some senior Swedish officers, however, were in favour of mounting what the Foreign Office called a 'face saving campaign' in Norway. Military developments in Scandinavia after the Finnish-Soviet armistice created suitable circumstances for the Swedes to make such a gesture. The Red Army had pursued the German XX Mountain Army from Finland into northern Norway. The Soviets crossed the Norwegian frontier on 17 October. In late October, the Germans began to withdraw to a defensive line below Lyngenfjord, about 200 miles beyond the forward Russian positions on the Tana River. Hitler ordered the retreating troops to conduct a scorched earth policy, and the inhabitants of this wasteland were deported to the south. On 4 November, Brigadier Sutton-Pratt, the British military attaché, visited Colonel Kempass, Swedish director of military intelligence, who stated that "Personality No. 34 (Major General Ehrensward, Chief of Defence Staff) had given the signal for full cooperation" between Swedish and British military intelligence agencies, and "flung open his files for me and gave me what they contained."[12] Sutton-Pratt inquired if Sweden would intervene in Norway. Kempass replied that most senior officers, particularly Ehrensward and Major General Douglas, Chief of Army Staff, were anxious for such an action, which would enable Swedes to "hold up

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[12]Sutton-Pratt to War Office, 4 November 1944 tel 266111, FO 371/43509/N6897.

their heads and regain a prominent position in Scandinavia."[13] Kempass added that the Government, the King, and financial circles opposed intervention, but stated that a strong press campaign and "serious German excesses in Norway" would cause public opinion to force the government to intervene in Norway. Captain Denham, the naval attaché, had similar conversations with Swedish naval officers during November. By December, the Swedish press was actively commenting upon the question of intervention, and some Stockholm newspapers openly stated that a declaration of war against Germany would strengthen Sweden's position in the postwar world.[14]

London remained uncertain as to Stockholm's willingness to intervene. Some officials within the Foreign Office,such as Nutting and Galsworthy, could not foresee the "slightest chance" of Sweden entering the war. Galsworthy noted that although some high ranking officers favoured intervention, they did not press their views on the Swedish Government. German atrocities might prompt Stockholm to mobilize but they would have to be "something pretty terrifying.... The Swedes have already accepted a lot with no more than verbal protests, and Swedish anger is quick to evaporate."[15] Anthony Haigh thought that

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[13] Ibid.

[14] Knox - Johnson, 1 December 1944, memorandum, Hershell V. Johnson Papers.

[15] Galsworthy, 7 November 1944 minute, FO 371/43509/N6897.

Norwegian and Danish pressure might induce the Swedes to enter the war. Stockholm would then be able to state that it intervened at the request of fellow Scandinavians and not "to climb onto the bandwagon," and could enjoy considerable prestige and influence in Scandinavian affairs after the war.[16] Haigh and others in the Foreign Office hoped the Chiefs of Staff would not want to bring Sweden into the war because Britain would lose influence over Norway and Denmark if Sweden became revered as their liberator. Moreover, the Swedes might exact more favourable postwar trade conditions from Britain as the price of their intervention.

During November, the Joint Planning Staff prepared, "in anticipation of instructions" from the Chiefs of Staff, a paper concerning the value to the Allies of Sweden's possible intervention. The Joint Planners admitted that their study was somewhat problematical since they lacked sufficient information on the Swedish armed forces' strength, war plans, and combat effectiveness. They doubted that the Swedish Air Force and Navy would be of much help to the Allies owing to these services' relatively outmoded equipment. They estimated that the Swedish Army could mobilize 9 divisions in event of war.[17] At the beginning of November, the Germans had 18 divisions in

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[16]Haigh, 9 November 1944 minute, FO 371/43509/N6897.

[17]War Cabinet, Joint Planning Staff, 30 November 1944, J.P.(44)289(5), (Draft): Sweden, CAB 119/109.

Norway, although some units were being withdrawn to more active fronts. The J.P.S. assumed the Swedes would mount raids against German communication lines rather than launch a major offensive in Norway. The Swedes would probably insist upon military assistance from the Western Allies. But the Western Allies lacked the necessary forces and access to assist Sweden. The U.S.S.R. could provide supplies and possibly manpower to the Swedes through Finland.

The J.P.S. paper reveals that the Joint Planners felt Norway held the same secondary strategic importance as it had during the previous winter.[18] The Chiefs of Staff had stated in September that a German evacuation of Norway would assist the Allies because it would eliminate the U-Boat menace. The J.P.S., however, wanted to keep German forces bottled up in Norway as they were before operation Overlord. They feared that hostilities in Europe would continue until the summer of 1945 and therefore sought to prevent German forces from being transferred to the Western front. If Sweden did not intervene, the Germans could adequately protect their naval bases and ensure internal security in Norway with a minimum of 8 divisions. If Sweden entered the war, the Germans would need an additional 5 divisions to defend the Norwegian-Swedish border. The Joint Planners thought that the threat of Swedish intervention might deter Berlin from withdrawing troops from Norway.

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[18] See Chapter Three.

The J.P.S. concluded that Sweden should be asked to intervene, but that the request should not be in the form of an ultimatum. An ultimatum might "risk a flat rejection" from Stockholm and "fail to contain German divisions in Norway and might well prejudice our long-term requirements from Sweden."[19] They suggested that London consult the Royal Norwegian government before the Swedes were approached on this question. They doubted that the Swedes would reject completely a request to intervene in order to help shorten the war and alleviate suffering in Norway. Mallet could hint that a Swedish action could be made in conjunction with an Allied landing in Norway. If the Swedes' price for intervention "were pitched too high," the Allies could protract negotiations with the Swedes over several months.[20] The negotiations would form the basis of a new deception plan along the lines of Graffham. The Joint Planners advised the Foreign Office to approach Boheman unofficially during his visit to London in early December to discuss postwar trade questions. The Joint Planners emphasized that Stockholm might conclude that the Allies did not want Sweden to enter the war if nothing was said about Sweden's possible belligerency during Boheman's visit:

> Our seeming indifference will necessarily strengthen the hands of the less venturesome Swedish Ministers. They will be able to reply to anyone who urges a bolder course that the Allies do not wish and have never

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[19] J.P.(44) 284(S) (draft), op. cit.

[20] Ibid.

seriously suggested that Sweden should enter the war.[21]

Sir Orme Sargent pressed Boheman on the question of Swedish intervention during a luncheon on 17 December. Boheman remarked that the Swedish public was "most anxious to do anything" that would help shorten the sufferings of Norwegians and Danes.[22] Sargent asked how far Stockholm would go to achieve this aim. Boheman stated that when the Swedes expected an Allied assault on Denmark, they had prepared for the despatch of the Danish 'police force' and had requisitioned shipping and supplies for the Swedish units which would assist the Danes. He now assumed that the Allies were concentrating on advancing into Germany and were not planning a landing on Norway. If the Allies were contemplating such an action however, Sweden would intervene providing such intervention would be of real benefit to Norwegians. The Swedish Army was an "excellent defensive force" but lacked adequate armour and air support for offensive operations. Sweden would not intervene if the "necessary conditions would not be present."[23] The Allies would have to open a sea route to ship fuel and other supplies to support British aircraft which would support the Swedish Army. If Swedish/Allied forces did not quickly overwhelm German units, then Sweden's intervention, accord-

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[21]Col. Capel-Dunn (J.C.S.), 27 November 1944 minute, CAB 119/109.

[22]C.F.A. Warner, 17 December 1944 minute, FO 371/43500/N7950.

[23]Ibid.

ing to Boheman, would only "turn the whole of Norway into a battleground."[24] He said that Sweden would oblige a Norwegian request for troops to help maintain order upon the German collapse in Norway. However, he was uncertain that the Norwegians would want to depend upon Sweden for their liberation or post-armistice policing. Boheman added that Stockholm felt it could best help the Norwegians by providing humanitarian relief. He elaborated that the Swedes were about to press the Germans to allow displaced persons from north Norway to take refuge in Sweden.

With Boheman's luncheon remarks, the Foreign Office was prepared to let the issue of Swedish intervention rest. The Foreign Office felt this was an academic question since the Swedes would only act in concert with Allied landings and Allied assistance, neither of which would be forthcoming. The Norwegian government-in-exile requested the British government, in late November, to conduct landings in the region of Bodø in order to trap German forces in Finnmark (north Norway). In December, Eden replied that the Chiefs of Staff opposed this proposal on the grounds that Britain lacked sufficient troops who were trained for Arctic warfare, and that it would take too long to give special training to other units which might be despatched to Norway.[25]

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[24] Ibid.

[25] Nils Norten Udgaard, Great Power Politics and Norwegian Foreign Policy (Oslo: Universitetsforlaget, 1973), p. 83.

Churchill learned of the Norwegian request and asked Eden to reconsider his reply. He suggested that Sweden should be pressed to liberate Norway, and that a small British force should be raised to assist the Swedes. Eden responded in a letter of 24 December that the Service Chiefs and the J.P.S. had already decided that, "from a military standpoint of operations against Germany, it is not worthwhile pursuing the matter."[26] Although Eden appreciated the Norwegian's desire to prevent the Germans from laying their homeland to waste, he doubted that the Norwegians would accept Sweden's intervention without a simultaneous Allied landing. In a sudden reversal of the Foreign Office's past claims that Sweden was strong enough to deter possible German aggression, Eden argued that Germany might attack Sweden if it were to intervene. He stated that neither the Norwegians nor the Swedes would want the Germans to turn Sweden into a 'battleground' and deprive Norwegian and Danish refugees of an asylum. He stressed that he had given an evasive reply to the Norwegian request because the Chiefs of Staff "are not anxious to disclose to the Norwegians that we have not the troops to land in Norway and cannot foresee when we shall have."[27] Eden felt there would be enough British or U.S. troops to restore order in Norway after Germany's collapse. He

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[26]Eden - Churchill, 24 December 1944 letter PM/44/780, PREM 3/413/5A.

[27]Ibid.

presumed that the Norwegians might ask Sweden to assist in disarming German troops in Norway when hostilities ended, and concluded that London should not discuss the issue of Sweden's intervention before the Germans surrendered. Churchill reluctantly accepted Eden's arguments, stating that he "should be loath to accept the military view" that Britain could not even despatch a small contingent to "help the population defend themselves against any German marauders who should be left."[28]

In early 1945 however, the Chiefs of Staff grew more attracted to the idea of bringing Sweden into the war to compensate for Britain's inability to mount an expedition to Norway. Admiral Cunningham thought Sweden's intervention would be "welcome" because of its possible destruction of the U-boat bases.[29] Air Chief Marshal Portal stated on 22 January that he believed the Swedes would want to join the Allies in order to gain influence in the postwar world. Portal suggested that the Russians should be invited to press Sweden to enter the war since the U.S.S.R. was the only power which could supply Sweden. On the Chiefs' instructions, the Joint Planning Staff submitted a revised study on 25 January 1945 which more closely harmonized with their views than the earlier paper. The Joint Planners stated that benefits from Swedish inter-

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[28]Churchill - Eden, 28 December 1944 personal minute M.1247/4 128, PREM 3/413/5A.

[29]Chiefs of Staff Committee, 22 January 1945 minute COS(45) 22nd meeting, FO 371/48041/N1565.

vention alone would be minimal, but the Allies could gain substantial military advantages if they supplied and supported Sweden. A Swedish-Allied operation in southern Norway could isolate the German garrisons and naval bases from Denmark and Germany. Although the J.P.S. estimated that only 20% of the new type XXI U-boats would be based in Norway, Allied air and naval bases in Sweden and southern Norway would enable the Allies to attack submarine pens and training areas in the Baltic. The Joint Planners doubted that Stockholm would intervene if Russia was the only power who could assist Sweden. Moreover, they were uncertain if the Soviets would be willing to launch such an operation. The Red Army had not advanced beyond its position along the Tana River, and was beginning to withdraw troops from Norway. The J.P.S. felt that the Soviets might regard the invasion of southern Norway as an "unprofitable diversion of resources" from their drive to Berlin.[30] They concluded that, on political grounds, "it would not be to our long term advantage to invite the Russians to extend their influence to Sweden and possibly thence to Denmark."[31] The Foreign Office would strongly oppose any approach to Moscow on this question, and the Swedes might ultimately resent London's asking the Soviets to force Sweden into the war.

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[30]Joint Planning Staff, 25 January 1945, Report: SWEDEN J.P.(45) 27(Final), CAB 119/109.

[31]Ibid.

The Chiefs of Staff accepted the J.P.S.' conclusions and did not openly insist that the Foreign Office press Sweden to enter the war. It is possible that they might have mounted an informal campaign to convince the Foreign Office that this worthwhile objective might be less difficult to achieve than the Foreign Office supposed. On 30 January, the Director of Naval Intelligence replied to Captain Denham's reports of November 1944 with instructions to "not discourage Swedish Officers from expressing their opinions on the desirability of Sweden entering the war."[32] If the Swedes asked a direct question concerning London's intentions, Denham was to reply officially through diplomatic channels. Perhaps the Admiralty hoped the Foreign Office would reconsider its position if confronted with continuing evidence of Swedish interest in intervention

Swedish attitudes towards Sweden's place in the war remained mixed throughout the winter of 1945. F. Bishop, Consul at Malmö, reported on 28 February 1945,

> Generally speaking, the cloak of neutrality has been dropped with a rapidity roughly in proportion to the speed of the advance of the Russians, but ... the general tendency is to look towards England for contacts and not the U.S.A. or Russia.[33]

In March, Edvin Sköld, the Defence Minister, made the first allusion by a Swedish cabinet minister to the possibility

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[32]D.N.I. to Denham, 30 January 1945 reference sheet R/514, NID 0051335/44 I/E/179, FO 371/48041/N1453.

[33]F. Bishop to G. Labrouchre, British legation, Stockholm, 28 February 1945 letter 9.5/196/45, FO 371/48024/N2133.

of Sweden intervening. When asked in the Riksdag why Stockholm had purchased Mustangs from the Americans instead of waiting until after the war to purchase more modern British fighters, Sköld replied that "Sweden could not afford to wait" for aircraft since the Swedes might become embroiled in the war before summer.[34] When Air Commodore Maycock pressed General Kellergren of the Swedish Air Force for more details, the Swede replied that Sköld was thinking of the situation in Norway which might hasten Swedish-German hostilities. Kellergren elaborated that Sweden might despatch an all-volunteer force to Norway, or regular army units under direct command of the General Staff. He stated that complete plans for employing either means to assist Norway or Denmark had been drawn up and could be put into operation within ten days. Kellergren stressed that although the press was clamouring for military action, the Swedish government would defer sanctioning such operations until, (i) a real need for Swedish assistance arose, (ii) Norway or Denmark asked for Sweden's aid, or (iii) Stockholm had determined that Swedish intervention would help rather than harm Norwegian and Danish civilians.[35]

In spite of Sköld's and Kellergren's statements, comments by other Swedish officials tended to confirm the

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[34]Air Commodore Maycock, 28 March 1945 minute, enclosed Mallet - Eden, 29 March 1945, Despatch 162(131/4/45), FO 371/48044/N3956.

[35]Ibid.

Foreign Office's contention that the Swedish government had no intention of intervening. Hansson and Foreign Minister Günther made speeches justifying Sweden's wartime neutrality, and expressing their desire to keep Sweden out of alliances with the big powers after the war. On 24 February, Mallet reported that, during an official banquet, Hansson and Günther ridiculed Turkey's 'last minute' entry into the war in order to become a member of the United Nations.[36] Günther asserted that Sweden would never act so opportunistically and had no desire to be represented at the forthcoming U.N. Conference at San Francisco. Sweden was only concerned about its neighbours' welfare, and would only enter the war on their behalf, and not to gain favour with the Allies. Günther did not believe the time was right for Sweden's intervention and doubted that it ever would be. Although the Foreign Office was somewhat offended by Stockholm's attitude, it believed Britain should not press the Swedes to adopt a more aggressive policy towards Germany since the "disadvantages of bringing Sweden into the war outweigh the advantages."[37] The coming months would prove that the Norwegians and General Eisenhower attached the highest importance to encouraging Sweden's intervention.

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[36]Mallet - Foreign Office, 24 February 1945, FO 371/48008/N2009; Churchill minuted, "I hope our Ambassador will not let them [the Swedes] get away with this craven bragging," Churchill - Eden, 25 February 1945, minute PREM 3/413/5A.

[37]W. Ewart, 1 March 1945 minute, FO 371/48008/N2009.

NORWAY'S DILEMMA

The Royal Norwegian government was dissatisfied with the Foreign Office's prevaricating attitude towards the liberation of Norway. This government had several pressing reasons to return home and reassert its authority before German surrendered. In early 1945, it was anxious to establish a military and civil administration in the Arctic to feed and house victims of German pillage who had evaded deportation. This administration would also restore Norwegian sovereignty in the area evacuated by the Germans, and would provide outposts against German raiding parties and E-boats which were searching for Norwegian refugees.[38] The government-in-exile also hoped for an Allied/Norwegian expedition to liberate southern Norway and thus prevent the Germans from turning the rest of the country into a wasteland. The Norwegians wanted Allied troops to augment their own forces in taking custody of the nearly 400,000 German troops and numerous political officials and civilian technicians who would be in Norway at the close of hostilities.[39] The government was also anxious to return to Oslo because of concern over the Communist party's efforts to exert greater influence in the political and military arms of the Resistance. Although the government did not fear an insurrection after the German surrender,

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[38]General W. Hansteen, C-in-C, Royal Norwegian forces to Admiralty, memorandum, 3 January 1945, CAB 122/1300.

[39]Ibid.

it felt that intensified communist propaganda and partisan activities against the Germans might strengthen the Communist party's position in postwar Norwegian politics. Soviet radio stations were encouraging the other Resistance groups to form a 'popular front' with the Communists, and admonished the Resistance to launch a guerilla campaign to help the Red Army at a time when the Communists were best equipped and organized for such action.[40] Moscow's support for the Communists and the Red Army's presence in the north gave the government some cause to suspect Russian intentions. On 11 November 1944, Molotov demanded that the Norwegians abrogate the Svalbard Treaty of 1920, which had turned over the formerly Russian Spitsbergen islands and stipulated the archipelago's demilitarisation. Moscow insisted that Bear Island should be ceded now to the U.S.S.R., and called for the establishment of Soviet bases in Spitsbergen.[41] The Norwegians reluctantly negotiated a compromise with the Russians. In March 1945, the Soviets and Norwegians reached a tentative agreement, subject to postwar approval by the Norwegian parliament and the signatory powers of the Svalbard Treaty, which sanctioned the establishment of Norwegian-Soviet bases in Spitsbergen.

The Royal Norwegian government was particularly disturbed by the Western Allies' failure to agree with Russia as to Norway's position in postwar spheres of

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[40] Udgaard, op. cit., p. 70.

[41] Ibid.

influence. Eden had assured the Norwegians, in 1941, that Stalin had informally stated that Moscow considered Norway to be a British operational area. In 1943, the Norwegians and British drafted an agreement which would define the status and authority of Norwegian civil officials in any portion of Norway which might be liberated and subsequently administered by Allied forces. The Foreign Office wanted to present the draft to the Anglo-American Soviet European Advisory Commission, an organization which was established in order to secure Soviet approval for Anglo-U.S. policy in liberated western territories, so that the Russians would not exclude Britain from influence in Eastern Europe. Washington insisted that the civil affairs agreement, together with similar drafts negotiated between the British and the Dutch and Belgians, were of a military rather than a political character, and should be submitted to General Eisenhower's headquarters. The Americans wanted to co-ordinate the agreements with strategic planning, and felt that negotiations with Soviet representatives of the E.A.C. might delay military preparations.[42] In January and March 1944, the British and Americans submitted their respective drafts of the agreement for the Soviet government's approval. The Norwegians desired a firm undertaking, rather than Moscow's approval of the Anglo-U.S. civil affairs agreement, since Soviet troops would probably pursue German forces retreating into Norway. The Russians

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[42] Ibid., p. 60.

secured, on 8 May, a similar agreement from Czechoslovakia on a bilateral basis without reference to the Western Allies. On 16 May, the Big Three powers concluded separate but largely identical agreements with the Norwegian government.

In early 1944, the Norwegians pressed the British and Americans for a military commitment towards Norway's liberation. In 1943, Allied staffs had drawn up plans to despatch a small force to Norway after Berlin had capitulated. No force had been organized to liberate Norway prior to the German surrender. The Joint Planning Staff believed an assault against Norway would necessitate the postponement of Overlord for 12 months, since such an operation would require a large armada of transport and naval ships, including aircraft carriers which the Royal Navy planned to transfer to the Pacific.[43] The Chiefs of Staff concluded that a move against Norway and Overlord were "mutually exclusive," but directed the J.P.S. to consider the feasibility of invading south Norway in the event of Overlord being cancelled.[44]

In early 1944, General Hansteen and Trygve Lie, the Norwegian Foreign Minister, asked the Chiefs of Staff and the Foreign Office to send a British occupation force

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[43]Joint Planning Staff, 10 September 1943, Operations Against Norway, J.P.(43)296(Final), CAB 122/1190.

[44]Chiefs of Staff Committee, 13 September 1943, minutes COS(43)214 meeting (O); Lt. General F.E. Morgan to Eisenhower, 25 September 1943, COS(43) 578(O), CAB 122/1190.

to northern Norway in the event of a German withdrawal from the area. The Norwegian requests were prompted by an article in the Sunday Times of 23 January which predicted that the Red Army would pursue German troops into Norway once Finland had surrendered. Lie contended that the Soviets might remain in northern Norway indefinitely if British troops did not help the Norwegians to reestablish their sovereignty over the territory. Warner believed he had reassured Lie that a Soviet invasion was unlikely owning to the "physical difficulty of such an enterprise."[45] Warner had also alluded to Eden's informal understanding with Stalin, in 1941. Warner's arguments did not reassure the Norwegians, who remained apprehensive of Moscow's intentions. Moreover, Moscow had never officially declared that Norway was within the Anglo-U.S. military theatre. The Royal Norwegian government therefore sought to secure an understanding with the Russians which would safeguard Norwegian sovereignty in Finnmark.

When the Red Army entered Norway on 18 October, Molotov accepted a proposal, which the Norwegians had made in March, to send troops to the Arctic once Finland left the war. However, the Norwegians despatched a token force of only 271 men from Britain to Finnmark. This was one-third of the Norwegian Army's effective combat strength in

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[45]Warner to Major General L.C. Hollis, 10 March 1944 letter U1367/5/G, Royal Norwegian government aide-mémoiré, 19 February 1944, CAB 122/1190.

Britain, where the remainder were kept in reserve for future operations.[46] Moreover, the British Chiefs of Staff were unwilling to release sufficient shipping to transport additional supplies and administrative personnel ostensibly because it was needed urgently elsewhere. The British and U.S. military authorities did not want to become actively involved in Finnmark. The Western Allies had no formal agreement with Moscow to define the status of Allied officials in Norway.[47] They were anxious to avoid a confrontation between Soviet and Western liaison officers similar to that which was experienced by U.S. 'shuttle bombing' personnel in Russia. In late September and early October, the U.S. and British military missions to Moscow had attempted to initiate discussions with the Russians with the object of coordinating Allied policy after a German withdrawal. The Soviets ignored their approach but informally told them what Moscow had "no plans for occupation of Norway and therefore cannot discuss the matter."[48] Eisenhower and the British decided that it was better to leave the Norwegians to their own devices rather than risk a jurisdictional dispute with the Russians in Finnmark. The Norwegians therefore began to seek Swedish support.

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[46]Hollis-Churchill, 27 October 1944 minute, CAB 122/1300.

[47]Joint Staff Mission - Combined Chiefs of Staff, 9 October 1944 memorandum JSM 299; British Chiefs of Staff to Combined Chiefs of Staff, 22 July 1944 memorandum CCS 628, CAB 122/1300; Udgaard, op. cit., pp. 79, 84-86.

[48]Combined Chiefs of Staff - Eisenhower, 11 October 1944 telegram 77500, CAB 122/1300.

In October, Stockholm consented to the departure of part of the 13,000 Norwegian 'police troops' to Finnmark. Although nominally a paramilitary force, the Swedes agreed to provide them with full military equipment. As the Swedes would not transport the troops beyond the Norwegian frontier, the Norwegians asked the Americans to furnish air transport to Kirkenes, where the force from Britain had established a base. The U.S. Army Air Corps was willing to provide this service as it would serve to establish the foundation for the planned A.T.C. route to Sweden.[49] Differences with Sweden over the repatriation of interned airmen and civil aviation delayed its inauguration until January 1945. Between January and March, approximately 1000 troops and 100,000 kilograms of supplies were air-lifted to Kirkenes by ten A.A.T.S. C-45's from a Swedish air base near Luleå.[50]

TO ARMS OR ARBITRATION

At the beginning of 1945, the Norwegian government had become discouraged by the seeming Allied indifference to events in their homeland. It resolved that Sweden should be pressed into taking a more active part in liberating Norway and insuring an orderly restoration of the pre-

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[49]F.R.U.S. 1944 Vol. IV, op. cit., pp. 701-705; see also Chapter 6.

[50]Hans Abrahmson, 5 June 1945, "U.S.A. Aircraft had Secret War Base in Luleå," Aftonbladet, translation, Hershell V. Johnson papers, Official War History, U.S. Legation, Stockholm, op. cit.

occupation government and administration. Without consulting the Allies, Lie notified the Swedes, on 1 February, that his government might ask Stockholm to threaten intervention in Norway if the Germans continued their scorched earth policy.[51] Although some circles in Sweden favoured intervention, the government remained committed to neutrality and rejected the Norwegian scheme. A démarche to Berlin would misrepresent the government's intentions, and would make it harder to resist possible Allied pressure for intervention in the future. Boheman therefore was sent to London in mid-February to inform the Norwegians that Sweden would intervene if the situation in Norway warranted such action, but it did not wish to abandon neutrality until it became obvious that the Germans were unwilling to negotiate peace terms in Norway. Stockholm believed the Germans in Norway would surrender once Berlin had fallen if they were not provoked into a desparate struggle by an insurrection which would probably accompany a Swedish or Allied invasion. By remaining neutral, Sweden might be able to hasten a peaceful conclusion to Norway's occupation in the manner that it had mediated the Soviet-Finnish armistice. Himmler was anxious to obtain Sweden's good offices to arrange a separate peace with the Western Allies. During the early months of 1945, he had permitted and helped the Swedish Red Cross administer relief and ultimately take

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[51]Udgaard, op. cit., p. 88.

custody of deported Norwegians and Danes who were interned near Hamburg.[52]

The Swedes discerned no strong Allied interest in forcing Sweden to deviate from its established policy. Günther suspected that the Norwegians were mainly sounding out Sweden's views and did not seriously desire armed assistance. The Allies had not supported Lie's message, and the British actually had expressed satisfaction with Sweden's continued neutrality. Eden assured Boheman in mid-March that, "so far as Britain is concerned, no Swedish intervention...is either expected or desired, whether in Norway or anywhere else."[53] Within a month of having made this statement however, Eden informed Churchill that the Foreign Office and Chiefs of Staff were currently examining the feasibility of asking Sweden to liberate Norway.[54] What caused this volte face in British policy?

As German resistance in Germany and Italy rapidly weakened during March and April 1945, British and American staffs turned their attention to remaining German strongholds in Norway, northwestern Holland, and the Bavarian and Austrian Alps. The Allies had not previously contemplated major operations in these regions which would have diverted

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[52]W.M. Carlgren, Swedish Foreign Policy During the Second World War (English translation), (London: Ernest Benn, 1977), p. 216.

[53]Ibid., p. 214.

[54]Eden - Churchill, 13 April 1945 minute PM/45/184, PREM 3/917/4.

forces from the main thrust towards Berlin. Once Anglo-American troops had crossed the Rhine, the danger of prolonged fighting in these isolated pockets became more immediate. Rumours about German intentions, together with past combat experience against determined units, such as the S.S., led Allied commanders to assume that isolated German formations would continue fighting even though hostilities in the heart of Germany had ceased. The British Chiefs of Staff had been concerned since late 1944 over the danger of Norwegian based U-boats continuing the war at sea after Berlin had surrendered. Eisenhower and his staff were misled by largely unsubstantiated newspaper stories into believing that Hitler might transfer his government to the 'National Redoubt' - a supposedly elaborate complex of fortifications in the Alps - where the Nazis could possibly delay the final Allied victory for over a year.[55] Eisenhower concluded at the end of March that "Berlin itself is no longer a particularly important objective."[56] On 27 March, he announced in a telegram to Stalin that once the Ruhr had been encircled his forces would not proceed to Berlin but would instead push towards a central front from Kassel to Dresden where the Western

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[55]Lt.-General Walter Bedell Smith admitted at a press conference on 4 April 1945: "This so-called National Redoubt is something we don't know an awful lot about." Captain Harry Butcher, My Three Years with Eisenhower (New York: Simon and Shuster, 1946), p. 438.

[56]Alfred D. Chandler (ed.), The Papers of Dwight David Eisenhower: The War Years, Volume V (Baltimore: Johns Hopkins Press, 1970), p. 2561.

and Soviet troops would "join hands." Once Germany had been cut in half, his forces would then move against the 'National Redoubt.' Three days later, he added that the Twenty-first Army Group would move against the Dutch and German North Sea coasts as a prelude to eventual operations in Denmark and Norway.

Although the British Chiefs of Staff favoured a unilateral operation against northern Germany, they and Churchill protested Eisenhower's decision to forego the push to Berlin in favour of the central front and the subsequent diversion to the south. London did not fully accept his plan until mid-April. The details of this inter-Allied divergence is beyond the scope of this thesis, but the subject is mentioned as a contextual reference to the rapidly changing and uncertain circumstances surrounding the question of Swedish intervention.

In March, the Chiefs of Staff had begun to reconsider their earlier plans for an operation in Norway. The Admiralty remained concerned about the U-boat threat. Swedish intervention was essential since Norway could be invaded in force only through Sweden. The Foreign Office withdrew its past objections to bringing Sweden into the war since Sweden could be supplied by the Western Allies once they had occupied the German ports and Denmark. At the Chiefs' of Staff request, the Combined Chiefs of Staff directed Eisenhower on 9 April to prepare an appreciation of the value of the Swedish Air Force and Swedish bases for Allied troops in an operation against Norway. Eisenhower

had not fully considered the advantages of Swedish intervention, and replied on the 11th that he was preparing a broad general estimate. Three days later, he stated that Norway would have to be taken before winter when operations would be "almost impracticable."[57] He stated that Denmark should be taken "as quickly as possible" but stressed that fortresses along the German coast might delay this operation. Eisenhower thought that the Germans in Norway and Denmark might capitulate once the Redoubt, the supposed Nazi nerve center, had been taken.

Churchill strongly opposed what he regarded as Eisenhower's abandonment of Berlin to the Russians. He argued that the city was still militarily important and could continue to be a rallying symbol for Germans who continued to resist the Allies. He was also critical of the Chiefs' of Staff intention to "clean up matters in Denmark, Norway, and along the Baltic shore."[58] Churchill contended that by proposing a northern operation, the Chiefs were weakening their argument against diverting forces from an advance against Berlin. On 31 March, he stated that a large scale renewal of U-boat activity was "impossible" since the Soviets had recently destroyed a major submarine base at Danzig. He stated that shipping losses in March were "satisfactory.... I cannot admit a

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[57] Ibid., pp. 2609-2610.

[58] W.S. Churchill, The Second Warld War, Volume VI (New York: Bantam Books, 1962), pp. 395-6.

state of urgency in any way justifying left-handed diversions to clear the Baltic ports, etc., if these diversions take anything from the speed or weight of the advance of the Twenty-first Group of Armies."[59]

Churchill's opinion of the Baltic's military importance appears to have altered by 12 April, when he told the War Cabinet that Sweden would be brought into the war. He was gratified to learn that the Foreign Office's views were "in harmony" with his, and that the Chiefs of Staff were already studying the question. On 15 April, he instructed Eden, who was attending Roosevelt's funeral in Washington, to persuade President Truman to prepare a joint note for the Allies to present to Stockholm:

> Few questions are more important than bringing the Swedes into the war to liberate their Norwegian brother state. In this way Sweden would assume an honourable position among the Allies.... This is a matter to finish up as quickly as possible.[60]

In sharp contrast to his minute of 31 March, Churchill argued that Sweden's intervention was necessary to prevent German troops and "the very large U-boat force" from delaying the end of the war for a "long, vexatious and wasteful month."

Why was Churchill concerned about Norwegian based U-boats in mid-April after dismissing their significance

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[59]John Ehrman, Grand Strategy, Volume VI (London: H.M.S.O., 1956), p. 136.

[60]Churchill-Eden, 15 April 1945 personal telegram 3721, PREM 3/917/4.

at the end of March? If the German presence in Denmark was not important enough to warrant a northern diversion, why had Sweden's intervention become a question which demanded the novice President's immediate attention?

In spite of this seeming paradox, both of Churchill's arguments were consistent with his strategy and ideosyncracies. He had always been interested in naval matters and often advocated military operations in peripheral regions such as Scandinavia and the Balkans. Although U-boats no longer terrorized the Atlantic in 1945 on the same scale as they had between 1940 and 1943, they remained a hazard to Allied shipping and a nuisance, at the least, to Allied navies. As long as a fleet of submarines remained operational in Norway, the Royal Navy could not demobilize requisitioned trawlers or transfer larger ships to the Far East, where they could support Mountbatten's troops and assert British influence in the Pacific. Churchill stated to the Chiefs of Staff on 19 April:

> The continuance of the Germans in Norway is serious, as the U-boat warfare carried on from there holds all our naval forces in suspense to the detriment of many other projects of war. ...I see in this morning's report that 25,000 tons of shipping have been sunk in one single day.[61]

Thus, Churchill did not think that the liberation of Norway was unimportant, but felt instead that it should be given a lower priority to the capture of Berlin. The arguments

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[61]Churchill - Chiefs of Staff, 19 April 1945 minute, PREM 3/417/4.

in his minute of 31 March were probably to reproach the C.O.S. for not having presented a stronger case against Eisenhower's redefinition of Anglo-American objectives.

Churchill's proposal for Swedish intervention might have sprung from hopes that British troops could be retained for an assault on Berlin. The Chiefs of Staff and Eisenhower's tentative plans indicate that they envisaged a Norwegian invasion undertaken by Allied forces based in Sweden. Churchill wanted Sweden to participate actively in this operation which might be augmented with some Allied troops once Denmark had been liberated. He expected Sweden to mobilize once it received the Allied demand for intervention. It is possible that Churchill was motivated less by practical military considerations than by a latent desire to convert an opportunistic neutral into an ally. In October 1942, he telegraphed Roosevelt, "I feel it is most important that Sweden should be with us all before the end although the moment for bringing her in must be wisely chosen."[62] In March 1944, he minuted to Eden: "I am most anxious that Sweden shall eventually come into the war, which I think there is quite a chance of her doing."[63] On these occasions, he never explained the reasons for his anxieties, although he may have been contemplating a future campaign in Norway.

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[62]Churchill - Roosevelt, 24 October 1942, personal telegram 174 PREM 3/417/1.

[63]W.S. Churchill, The Second World War, Volume VI (New York: Bantam Books, 1962), p. 612.

Perhaps he wanted to establish Western military and political influence in Sweden during the war in order to develop Sweden as a postwar buttress against Soviet encroachments in Scandinavia, although there is no record that he considered this. His minute to the Chiefs on 19 April reveals that he was concerned about Sweden's moral standing in the postwar order.

> I regard this as the last opportunity for the Swedes to save their name before the world. Up till a few months ago, they could plead that they were frightened. Now they could have no excuse except a calculated selfishness which has distinguished them in both wars against Germany.[64]

Eden broached the subject with Stettinius but did not pursue it at great length. No American comment was forthcoming, although the Combined Chiefs of Staff were currently considering a brief from the British Chiefs of Staff. On the British Chiefs' advice, Eden deferred the question until the Combined Chiefs of Staff had received Eisenhower's yet-to-be-completed appreciation of Sweden's potential usefulness. The Chiefs and the Foreign Office both believed careful consideration should be given to the timing of an approach to Stockholm. Moreover, Eden thought any diplomatic action should be postponed pending Sweden's reply to a similar demand which Norway had recently issued. On 12 April, Lie present Günther with an aide mémoire urging the Swedes to mobilize "at once" so that the Germans "would be in no doubt that their

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[64]Churchill - Chiefs of Staff, op. cit.

position would be untenable after the collapse in Germany, and that they will in addition be attacked from Sweden if they do not collapse."[65] Lie wanted immediate Swedish mobilization because the Norwegians believed the Swedes would take two months to complete all preparations. Günther maintained that Sweden could be fully mobilized in one week and could mount offensive action after another. The Swedes were willing to mobilize if Germany applied a scorched earth policy to the rest of Norway. However, they believed the Germans would surrender once Germany had capitulated, and thought it would be best to "leave the Germans alone for a few days or even a few weeks after the final end of the war."[66]

The Allies first learned of the Norwegian note when Lie left copies with the British and U.S. legations following his meeting with Günther. Mallet fully shared the Swedish attitude. He told the Foreign Office that "it seems astounding" that Lie had acted without consulting Eden in light of Eden's assertion in March that Swedish intervention was unnecessary. "I trust that you will not instruct me to press the Swedish government to accede to the Norwegian request..."[67] Mallet stressed that the

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[65]Quoted in Eden - Churchill, 13 April 1945, op. cit.

[66]Mallet - Foreign Office, 13 April 1945 telegram 630, FO 371/48041/N4101.

[67]Mallet - Foreign Office, 14 April 1945 telegram 637, FO 371/48041/N4101.

Swedish view was shared by several prominent Norwegians in Sweden, including August Esmarch, the Norwegian minister, the Minister of Finance, and the Rector of the University of Oslo, who had just been released from internment. Members of the Norwegian resistance had told some of Mallet's assistants that they believed the Germans had no intention of continuing the war unless attacked by Sweden or the Allies. Resistance officials reportedly had been relieved when Stockholm denied U.S. press stories which alleged that the Norwegians had demanded that Sweden allow Soviet troops access to southern Norway.

Both the Swedes and resistance leaders believed discreet negotiations would persuade the Germans to surrender once the fatherland collapsed. Some Norwegians were already in contact with senior Wehrmacht officers. General Boehme and Admiral Syriax, the two German commanders in Norway, were not anxious to wage an isolated struggle against the Allies. However, they lacked the resolve to defy Hitler's orders for a fanatical struggle against the Allies and therefore deferred to the S.S. and Gestapo, who although numerically small (3500 men), "seemed determined to stay in Norway to the end."[68] Most of the 298,000 men in Norway were second-grade troops who had experienced relatively little fighting during the war and had grown accustomed to garrison routine. There were no large S.S. concentrations to lead a determined resistance against the

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[68]Mallet, 13 April 1945, op. cit.

Allies. Many troops were Austrians who were anxious to return home, and held no strong Nazi convictions. Once the Allies had occupied Vienna, they would be intimidated no longer by Nazi threats to hold their families hostage.[69]

The Norwegian government was unmoved by the Swedish arguments. On 16 April, Lie asked Sir Orme Sargent for British support for the aide mémoire. Churchill was also dissatisfied with the Swedish response:

> It is easy for the Swedes to talk of the matter as if it is not urgent.... Indeed I think the Swedes should be forced by Britain and America, under severe pressure, to begin their mobilization at once and to concert with General Eisenhower the necessary measures.[70]

However, the Joint Staff Mission informed Eden and Stettinius that the Combined Chiefs of Staff believed the Allies should not be rushed into making an "injudicious approach" to Sweden.[71] After reflecting upon the reply to the Norwegian note, intelligence reports, and Eisenhower's preliminary opinions, the C.C.S. considered that Sweden's assistance would be "desirable" but that the Swedes were not strong enough to "achieve useful results on their own."[72] The Swedish Army was deficient in armour

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[69]Mallet - Foreign Office, 20 April 1945 telegram 658, CAB 120/694.

[70]Churchill, 19 April 1945, op. cit.

[71]British Representatives, C.C.S. - Eden and Stettinius, 21 April 1945 memorandum CCS 836, CAB 122/917.

[72]Brigadier A.T. Cornwall-Jones, J.S.M., 21 April 1945 memorandum, CAB 122/917.

and other types of equipment, lacked experience in modern warfare, and had been reduced during the winter of 1944-45 to two mobile divisions. The C.C.S. therefore did not want Sweden to declare war or open hostilities prematurely against the Germans, who had eleven divisions in Norway. They recommended that the Swedes should be asked to join in staff talks with the Allies to determine Sweden's contribution and mobilization plans "at a time to be decided by Eisenhower."[73]

The Foreign Office and Churchill were dissatisfied with the C.C.S. conclusion. By late April, they had become anxious to force Sweden's intervention because of vague suspicions concerning Russia's intentions in Scandinavia. On 14 April, Mallet reported that Madame Kollontai had told Günther that the "Soviet government would not relish Swedish intervention."[74] Mallet was unable to verify this statement and the Foreign Office did not attempt to ascertain the Soviet attitudes behind it. Lie dismissed Mallet's report, and told Sargent that the Soviet government had fully approved of and supported the Norwegian aide-mémoire of 1 February. On 23 April, Sven Grafström, director of the Department of Political Affairs at the Swedish Foreign Ministry, confidently told Mallet that General von Uthmann, the German military attaché, had

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[73]Memorandum CCS 836, op. cit.

[74]Cadogan - Churchill, 16 April 1945 minute PM/AC/45/9, FO 954/23.

offered to surrender the German forces in Norway to the Swedish Army. Grafström did not know how von Uthmann proposed to facilitate this. Mallet was then informed that Grafström feared that the Germans might ask the Russians to take custody of the garrisons in Norway. Grafström said he regarded the Soviet silence over events in Norway as "ominous."[75] Grafström thought such a proposal would appeal to the Soviets, who would earn Norwegian gratitude and could thus be able "to keep the Swedes in place as the 'bad boys of Europe'." Mallet's report led the Foreign Office to conclude that Sweden would not refuse to intervene in Norway, "without making difficulties."[76] Sargent assumed that Stockholm had not complied with Lie's demand because he had not explained the Norwegian military plans to the Swedes. Grafström's professed fears about the Germans inviting the Russians into Norway struck Sargent as a "rather far-fetched story," presumably because most Germans were anxious to surrender to British or American troops to avoid capture by the Russians. However, Sargent advised that even the remotest chance of Soviet intervention heightened the need for immediate staff discussions with the Swedes. Churchill concurred and telegraphed Eden on 25 April,

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[75]Mallet - Foreign Office, 23 April 1945 telegram 691, PREM 3/417/4.

[76]Sargent - Churchill, 24 April 1945 minute PM/OS/45/50, PREM 3/417/4.

> You will see...[that] the German military attaché in Stockholm has approached the Swedes, and the Swedes are nervous lest the Russians come in and do the job. I'm not impressed by this Swedish story, but even a bare possibility of Russians being invited into Norway is an additional reason for getting staff talks going at the earliest possible moment.[77]

However, Churchill's insistence did not hasten an Anglo-American initiative to bring Sweden into the war. Eden was with the British delegation at the San Francisco conference to establish the United Nations Organization. He informed Churchill that the Swedish question should be left to the C.C.S. in Washington since the delegates at the conference were absorbed with issues relating to post-war security and Poland.[78]

The Combined Chiefs of Staff postponed their approval to send a staff mission to Stockholm until it had received Eisenhower's recommendations. A memorandum outlining his broad plan for Scandinavia arrived on 25 April. He reported that his staff had not yet completed a full plan for an operation in Norway, but stated that such an action would be necessary if the Germans in Norway remained hostile after German had collapsed. Swedish bases were essential if Norway were to be liberated before December. Because of Norway's rocky and sinuous coastline, airborne and amphibious assaults would be isolated actions and could

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[77]Churchill - Eden, 25 April 1945 telegram 53, CAB 120/694.

[78]Eden - Churchill, 27 April 1945 telegram 33, FO 371/48024/N4765.

not, in Eisenhower's opinion, ensure Norway's liberation before December if the Germans resisted. He therefore planned to launch the invasion from Sweden on as "wide a front as possible."[79] Simultaneous thrusts would be made towards Oslo, Trondheim, and possibly Narvik. Eisenhower felt that Swedish units, under Allied command, would be "of help to accelerating operation," especially if the Swedes were to move against Narvik. He added that he knew little of the Swedish Army's strength and capabilities, and the first object of any staff discussions in Stockholm would be to determine the effectiveness of Sweden's forces.

The Swedes required little encouragement to agree to the talks. On 28 April, Crown Prince Gustav Adolf informed Mallet that the government would be willing to confer with a small Allied delegation. Two days later, Günther formally accepted an Anglo-American request to hold staff talks with Eisenhower's representatives. However, Mallet doubted that Stockholm would actually open hostilities against the Germans even though it had agreed to co-operate with the Allies towards such an eventuality. He reported that during a secret session of 27 April, members of the Riksdag were even more opposed to taking precipitate action in Norway than the government had anticipated.[80]

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[79]Eisenhower to C.C.S., 25 April 1945 telegram SCAF 306, PREM 3/917/4.

[80]Mallet to Foreign Office, 28 April 1945 telegram 746, CAB 122/917.

The staff talks were never held. The prospect of prolonged German resistance in Norway diminished as the Nazi regime's control over Germany, its field commanders, and even some of its leading figures rapidly crumbled. Although Eisenhower, Churchill, and other British authorities wanted to establish military collaboration with Sweden before the end of the war, Americans in Washington had become preoccupied with Stockholm's efforts to mediate a peaceful capitulation in Norway during the last week of April. On 24 April, Mallet and Johnson learned that Himmler had asked Count Bernadotte to ascertain if the British and Americans were willing to accept a separate peace in the West. Bernadotte had met Himmler in the Swedish consulate at Lübeck on the night of the 23rd ostensibly to negotiate the release of all Norwegians and Danes from concentration camps. Himmler quickly agreed to transfer these prisoners to Sweden. Himmler explained that he would shortly assume the leadership of Germany from Hitler, whose "great life is drawing to a close."[81] He then asked Bernadotte to convey a message offering to capitulate on the Western front on the understanding that German troops could continue to fight Soviet forces elsewhere. Bernadotte had been briefed by the Swedish Foreign Ministry in anticipation of Himmler's proposal, and therefore insisted that German forces in Norway and Denmark be

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[81]Count Folke Bernadotte, The Curtain Falls (New York: Alfred A. Knopf, 1945), p. 114.

included in the capitulation. Himmler readily accepted this condition, adding that he would allow German troops in these countries to surrender to British, American, or Swedish forces.

Churchill and Truman flatly rejected Himmler's proposal when they learned of it on 25 April. They insisted that Britain and the United States would only accept an unconditional surrender to all three Allied powers. The Western leaders immediately informed Stalin of Bernadotte's message to assure him that his partners were not conspiring with the Nazis against the U.S.S.R.[82] Himmler's offer and the Allied reply were reported by Reuters and the B.B.C.

Washington however was willing to allow Bernadotte to continue his meetings with Himmler and S.S. General Schellenburg, Himmler's intermediary, in the hopes that the Nazi might make a better offer. Johnson's report of the meeting of 23 April "resulted in the opening of direct conversations involving direct communications from the President to the American Minister in Stockholm,"[83] who had cultivated a cordial relationship with the Count. The Swedish government also desired to continue the talks in order to shorten the war without necessitating Swedish intervention. Bernadotte was instructed to privately

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[82]Churchill, Volume VI, op. cit., pp. 457-9.

[83]War History Report of the American Legation at Stockholm, RG 59, 124.58612-2046.

suggest to Schellenburg that the Germans should surrender in the west in spite of the Allied reply. He stated that Stockholm would allow German forces from Norway to be interned in Sweden if they capitulated. Himmler went into hiding after Hitler learned of his 'betrayal' from the Allied press on 28 April. However, he allowed Schellenburg to negotiate the surrender of Norway with the Swedish government. On 30 April, the same day that Sweden agreed to hold staff talks with the Allies, Schellenburg and Eric von Post, of the Swedish Foreign Ministry tentatively agreed that all Germans in Norway would be interned in Sweden and would not be turned over to the Allies.

On 5 May, Schellenburg arrived in Stockholm with written instructions from Admiral Doenitz, Hitler's successor, giving him authority to negotiate the surrender of Norway.[84] The Swedes felt they did not possess the legal power to accept the German surrender and therefore asked the Allies to send a mission to negotiate with Schellenburg. They also asked the Norwegians to despatch a delegation of Cabinet members to Stockholm "for continued personal collaboration with the Norwegian government."[85] The British Foreign Office was indignant over this Swedish

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[84]Schellenburg was given full plenipotentiary powers to overcome any opposition from Reichskommissar Terboven and General Boehme "who were not disposed to capitulate." Walter Schellenburg The Schellenberg Memoirs, (ed. and trans. by Louis Hagen) (London, Andre Deutsch Ltd. 1956) pp. 456-461.

[85]Collier - Eden, 5 May 1945 telegram 25 SAVING, CAB 122/917.

offer which it regarded as a Swedish effort to play off the Norwegians against the Western Allies by treating the surrender as a purely Swedish-Norwegian question. Sir Lawrence Collier, the minister to Norway, advised the Norwegians that a separate delegation to Sweden was unnecessary "from a military point of view since Norway would be represented at the staff talks"[86] by British officers.

Collier's remarks indicate that London still viewed the staff discussions as a preliminary to Sweden's intervention. Washington, however, intended to use the talks to encourage Swedish mediation. Eisenhower was instructed to despatch a delegation to arrange the final details of the surrender with Schellenburg. This mission was indefinitely postponed, since Doenitz was conducting his own surrender negotiations with Eisenhower's headquarters. On 6 May, Eisenhower asked Mallet and Johnson to advise the Swedish government "to play for time" and to take no further action regarding the Norwegian question pending the outcome of his own negotiations.[87] Churchill

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[86] Ibid. Eisenhower also continued to consider the military aspects of Swedish intervention. On 4 May, the Chiefs of Staff examined his proposal that the Swedes should be asked to provide bases for one USAAF fighter group to provide protection for ATC aircraft flying to Sweden. Sir Charles Portal thought that the fighters should be based in Denmark where the Germans had just surrendered to Montgomery. Chiefs of Staff minute 5 COS(45)117 meeting 4 May 1945, CAB 79/33.

[87] Eisenhower to Combined Chiefs of Staff, 6 May 1945 telegram SCAEF 351, CAB 122/917.

bluntly advised the Swedes to stop meeting with Schellenburg. He maintained that the Swedish talks might detract from Eisenhower's negotiations with Doenitz.

The German surrender to Eisenhower became effective on all fronts on 8 May. The following day, Stockholm allowed the 'police troops' to enter Norway. Resistance forces, who were to assist the 'police troops' in disarming Germans, obtained weapons from special depots which the Swedes had set up along the border. A few days later, Sir Andrew Thorne and a small Allied military mission arrived in Norway to supervise the Germans' internment and the restoration of the Norwegian government. Doenitz' signature at Reims obviated the need for Sweden to enter the war at the last minute.

CHAPTER EIGHT

EPILOGUE

This thesis has now dealt with the development and conduct of British policy towards Sweden between 1942 and 1945. It remains to examine the state of Anglo-Swedish relations in the period immediately following the cessation of the war to ascertain whether London obtained postwar economic concessions from Stockholm successfully. Were the British justified in their fear that support of American blockade policy would render Sweden less willing to accept their postwar proposals? Did the Swedes drive harder bargains for the payments agreement, timber exports, and collaboration in UNRRA, as a consequence of the cessation of Swedish-German trade? Did the Americans reciprocate Britain's adherence to a 'common front' against Swedish-German trade by pressing the Swedes to accept the British programme?

PAYMENTS NEGOTIATION AND OTHER UNFINISHED BUSINESS

By January 1945, Sweden had satisfied Washington's demands for the cessation of trade with Germany but had yet to conclude an agreement with London concerning post-war questions. The State Department agreed to let the British open negotiations with the Swedes on these matters in early November 1944 after several months of postponement by the British in the interests of the 'common front'. The Bank of England and Riksbank negotiators had produced a

draft payments agreement in November which eliminated Britain's liability to pay its debts to Sweden in gold, placed sterling and the Swedish kroner at par, and provided for a Swedish loan of £52 millions and a Swedish undertaking to hold an unlimited amount of sterling in the Riksbank.[1] The Foreign Office planned to conclude the agreement, as well as others covering Swedish contributions to UNRRA and the shipping pool, in mid-December when Erik Boheman would be in London to conclude a new War Trade Agreement with the Allies. The War Trade Agreement was intended to sanction Sweden's embargo in return for the continuation of the basic rations specified in the 1943 agreement for the duration of the war and for 90 days thereafter. The British sought to incorporate Anglo-Swedish monetary arrangements, Swedish exports to Britain, and Sweden's UNRRA and shipping commitments into the new tripartite agreement. They hoped the Americans would exert diplomatic pressure and offer economic incentives to induce the Swedes to accept Britain's terms. However, the only additional commitments which the United States government was anxious to include in the War Trade Agreement were Swedish membership in the Allied shipping pool (which was a less restrictive version of the British proposals), and an undertaking from the Swedes to prohibit sanctuary to Nazi war criminals and loot.

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[1]Draft, Anglo-Swedish monetary Agreement, 27 October 1944, FO 188/466.

The Agreement did oblige Sweden to give a general assurance of cooperation with Allied relief and reconstruction projects by maintaining wartime restrictions on purchases of some scarce commodities after the war, and to distribute equitably Swedish reconstruction materials in Europe, but only if their procurement on a commercial basis met with difficulty.[2] These conditions were rather less than what the British had envisioned, but the United States had begun to take a more benign attitude towards Sweden once Stockholm satisfied the War and Navy Departments' desire for a trade embargo. The Americans and Swedes were prepared to conclude the War Trade Agreement before Christmas 1944. The Foreign Office, however, refused to sign the Agreement because Anglo-Swedish payments and timber negotiations had become deadlocked. The British government had expected Boheman to ratify the payments agreement while visiting London to negotiate the new tripartite agreement. However, Boheman sought to obtain British assurances of increased sterling exports to Sweden. Sweden's postwar exports would greatly exceed its imports. Stockholm hoped that British exports to Sweden would amount to at least 3/5th of Sweden's exports to Britain in order to avoid inflation.[3] The Board of Trade rejected

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[2] FRUS, 1944, Vol. IV, p. 671.

[3] A.E. Welch (Board of Trade), 15 December 1944 minute, BT 11/2333; R. Nowell (Board of Trade) to Hall-Patch (Foreign Office), 8 December 1944 letter, FO 371/43494/N7707; Minute of discussion between Boheman and Selborne, 28 November 1944, FO 371/43494/N7624.

Boheman's request because Britain would be unable to export on a major scale for an indefinite period. Boheman therefore felt obliged to delay signing the payments agreement.

To the irritation of the United States government, the British government decided to withhold signing the War Trade Agreement for 1945 in the belief that Sweden's anxiety to obtain basic rations under the Agreement would force the Swedes to accept London's terms.[4] In late January, Dingle Foot attempted to break the impasse by reviving his earlier proposal to the War Cabinet that the Allies provide Sweden with 3½ million tons of coal.[5] The Ministry of Fuel and Power argued that Britain could not afford to supply Sweden with more than the token 1 million tons. On the 31 January, the War Cabinet rejected Foot's proposal, and advised the Ministry of Economic Warfare to give the Swedes no more than vague assurances about post-war supplies. The War Cabinet stated that while the conclusion of the War Trade Agreement would be advantageous to Britain, as it would "pulverise Sweden and would make them dependent upon trade with this country,"[6] Britain also had much to gain by using it as a bargaining counter to

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[4]Minute of meeting at Ministry of Economic Warfare, 17 January 1945, BT 11/2333.

[5]Foot to War Cabinet, 27 January 1945 memorandum WP(45)67, CAB 66/61.

[6]War Cabinet, 31 January 1945 minutes of meeting WM(45)13th conclusions, CAB 65/49.

encourage the Swedes to conclude the payments agreement. Sweden could not afford to indefinitely postpone the arrangements which would govern its commerce with the West during the months immediately following Germany's defeat. Apart from a few limited transactions with Norway and Finland, Sweden had virtually no foreign trade during the last months of the war. This enforced isolation exacerbated other economic and social problems. Wartime shortages, unemployment, and inflation generated greater support for the Swedish Communist party and increased labour unrest. Between February and July 1945, Sweden's engineering unions imposed a total strike on 730 firms, including most of Sweden's largest industrial concerns.[7] Stockholm was willing to sign the tripartite Agreement in early February but still insisted upon guaranteed postwar British exports. Anthony Haigh of the Foreign Office minuted, "Sweden's bargaining position is not very strong... We can therefore afford to keep the Swedes waiting in the hope that they will come to us in a humbler frame of mind."[8] A War Cabinet meeting on 19 February 1945 decided that, although the U.S. government might bring pressure on Britain to sign the War Trade Agreement, the

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[7]Mitcheson to Foreign Office, 17 February 1945 despatch 99, enclosure, confidential series No. 5, 1945, FO 371/48010/N1992; Ulf Olsson, The Creation of a Modern Arms Industry in Sweden, 1939-1974 (Gothenburg: Institute of Economic History, Gothenburg University, 1977), p. 146.

[8]A. Haigh, 8 February 1945 minute, FO 371/48816/N1212.

Foreign Office and Ministry of Economic Warfare must "stand quite firm"[9] until the Swedes conclude the payments agreement.

The Swedish government succumbed to British pressure and signed the payments agreement on 6 March 1945 without obtaining any concrete British supply commitment. Furthermore, the Swedes accepted another British condition that Swedish relief shipments to Norway would be paid for in sterling.[10] Previously, such dealings had been transacted in gold furnished by the British Treasury, or were barter exchanges between the Swedes and the Norwegians. British government and financial analysts regarded the conclusion of the payments agreement as a triumph for British diplomacy. Sweden's action would encourage other neutrals to hold large amounts of sterling, leading to the restoration of sterling as a strong currency. While sterling was still weak and difficult to convert into hard currency or gold, the Swedes would be obliged to purchase overseas imports from sterling bloc regions. For example, in 1946, the Board of Trade believed the Swedes could be persuaded to purchase their oil imports from British controlled areas in the Middle East rather than

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[9]War Cabinet, 19 February minutes of meeting WM(45) 21st conclusions, CAB 65/49; Sir D. Whaley to Sargent, 23 February 1944 letter, FO 371/48016/N1971.

[10]Foreign Office to Mallet, 1 March 1945 telegram No. 280, BT 11/2333.

from the United States.[11]

British officials were also confident that Swedish fuel shortages and Allied economic controls in world markets would reduce Swedish competitiveness and push Sweden into closer commercial collaboration with Britain. Sweden was critically short of coal in 1945. Swedish industries had consumed most of Sweden's emergency coal reserves after German deliveries stopped in September 1944. Although Stockholm had concluded the payments agreement, London continued to rebuff Swedish approaches for coal from Britain or the British occupied zone of Germany. Coal was scarce throughout Europe during the immediate postwar years because of labour dislocations and war damaged or deteriorated mines and transport facilities. The Board of Trade and Foreign Office believed that the coal shortage would hamper Swedish industrial output and prevent the Swedes from becoming serious "long-term competitors"[12] to Britain. A brief for the President of the Board of Trade in early 1946 stated that Sweden's fuel shortage could enable Britain to establish a foothold in Germany and other European markets which were formerly dominated by Germany. Allied policies which were intended to prevent Germany from rebuilding its war industries would also

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[11]Note for Mr. L. Edwards, M.P., Parliamentary Private Secretary to the President of the Board of Trade, undated (circa. January-February 1946), BT 2333.

[12]Ibid.

deprive Sweden of its most important pre-war market. For example, the Germans were prohibited from importing iron ore. In another instance, Anthony Haigh minuted enthusiastically that the Germans would be,

> compelled to export timber (which will compete with Swedish timber exports)...so Sweden will be dependent to a considerable degree on the British market for her exports and almost entirely on Anglo-American goodwill for her place in the post war economic set up.[13]

However, Sweden's independent trade was not curtailed greatly by these impediments after the war. The Swedes circumvented some restrictions by trading with countries who did not belong to UNRRA, who did not share London's desire to regulate postwar commerce, and were anxious to import from Sweden. Consequently, the international regulatory organizations failed to supervise trade to the degree desired by Barbara Ward, the Board of Trade, and the Foreign Office. London and Washington sought Swedish ships to transport men and supplies in the Pacific. Swedish shipowners insisted that neutral merchant vessels could not be engaged on behalf of a belligerent power in a war zone.[14] U.S. naval authorities therefore decided that much of the Swedish tonnage in the

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[13]A. Haigh, op. cit.

[14]P.A. Brunt, Ministry of War Transport, 10 November 1944 minute of meeting between Swedish delegation and representatives M.W.T., BT 11/2333.

shipping pool was of little value to the war effort against Japan.

Swedish shipping lines established regular routes to South America. Stockholm concluded agreements with Argentina and other Latin American states, exchanging Swedish capital goods for the agricultural products and raw materials which London refused to release from the U.N. supply pool.[15] Swedish industrialists had approached the Soviet legation and representatives of the Lublin government to negotiate the purchase of Silesian coal and coke in February 1945. On 21 August, Stockholm concluded a commercial agreement with Warsaw by which Poland would receive 100 million kroner ($50 million) worth of machinery, livestock, and reconstruction projects in exchange for 4 million tons of coal.[16] The Swedes also contracted to repair Gdansk's port facilities and to clear mines from Polish waters. Sweden extended commercial loans, as well as gratuitous credits, to neighbouring Nordic states for the purchase of Swedish goods. In addition to a gift of 150 million kroner, Norway received loans and credits totalling nearly 800 million kroner between the end of the war and 1947. To replace Norway's merchant fleet, the

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[15]"The Swedes are Out to Get the Business," Saturday Evening Post, 22 September 1945, p. 45.

[16]British legation, Warsaw to Foreign Office, 27 August 1945 telegram 33, CAB 110/221; W. Ewart, 29 December 1945 minute, FO 371/48021/N17567.

Norwegians placed large orders with Swedish shipyards, which were 25% to 50% cheaper than British builders.[17]

Although the Swedish traders enjoyed a larger degree of freedom than London would have liked, Sweden's economy lacked the strength to become the "dangerous competitor" which the Foreign Office had feared in August 1944.[18] Sweden could not overcome all supply deficiencies because many commodities remained virtually unobtainable on world markets as a consequence of disrupted production and investment as well as Allied controls. Fuel continued to be Sweden's most critical shortage. In spite of the agreement with Poland, Sweden received only 1.5 million tons of coal during 1946. Poland's coal production was limited to 2.1 million tons per month as a result of war damage and other dislocations, and most surplus coal was exported to the U.S.S.R.[19] It has also been suggested that Moscow made even the reduced Polish coal deliveries contingent upon the repatriation of Baltic internees in Sweden.[20]

Stockholm also obtained 1.6 million tons of coal from the United States, but further supply was limited by scarce Swedish dollar reserves and by competing domestic requirements within the United States. Apart from these

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[17]Udgaard, op. cit., p. 155.

[18]Chapter Four.

[19]Minutes of meeting between Ministry of Supply and Swedish trade mission, 17 December 1945, BT 11/2333.

[20]Nikoli Tolstoy, Victims of Yalta, (London: Hodder & Stoughton, 1977; revised Corgi edition 1979) p. 488.

contracts, Sweden had no other firm prospects of coal imports. The Swedes approached London for additional coal, arguing that Sweden's timber exports would be curtailed because wood would have to be consumed as fuel, thereby undermining Britain's reconstruction effort. The Ministry of Fuel and Power maintained that Britain would be in no position to export more than a "very small amount" before April 1947.[21] In addition to fuel shortages, Sweden was also beset with continuing inflation. Stockholm revalued the kroner by 15% in July 1946, thereby making Swedish exports more expensive and less attractive to countries with weak currencies. Sweden did not gain a larger portion of Germany's former trade. Britain and the United States exploited their wartime connexions to promote exports to their liberated Allies. Other industrial states also resumed trade in competition with Sweden. For example, Britain supplied the equivalent of 44% of Norway's prewar imports from Germany during 1947, while the U.S.A. furnished 28%; France and the Low Countries, 22%; with the remaining 6% coming from all other sources including Sweden.[22] Moreover, Britain exerted pressure on other European states holding large sums of sterling to buy British instead of Swedish merchandise. London refused to let Norway convert

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[21]N. Smith (Ministry of Fuel and Power), 29 December 1945 minute of conversation with Swedish mission, FO 371/48021/N17567.

[22]Udgaard, op. cit., p. 169.

part of its sterling reserves into kroner to finance part of its shipbuilding programme in Sweden.

Britain did not assume Germany's dominant position in the Swedish market after the war. British exports to Sweden during 1946 were slightly higher than in 1939 (339,758,000 Kr. and 325,719,834 Kr. respectively).[23] However, Swedish exports to Britain exceeded 500 million kroner, and Anglo-Swedish trade remained imbalanced in Sweden's favour. Although the Swedes wanted Britain to accept a greater variety of Swedish products, British imports consisted mainly of timber, wood pulp, and iron ore, because London felt that the expense of purchasing reconstruction materials precluded importation of other goods from Sweden. Stockholm had signed the payments agreement on the understanding that it could liquidate its sterling balances through purchasing imports from Britain. However, not only did Swedish exports exceed imports, but London was obliged to increase purchases from Sweden in late 1945 as war damage was greater than believed at the time the payments agreement was concluded. Many Swedish financiers were uncertain as to Britain's ability to recover its position as a major industrial and financial power. The British legation in Stockholm observed in April 1945 that "The greatest fear [in Sweden] is the

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[23] J. Thyne Henderson (commercial attaché, Stockholm) - Attlee, 10 June 1947 despatch 175 "E", FO 371/66495/UE5397.

danger of the devaluation of the pound sterling; and if our future diplomacy can be directed to allay these fears, we shall have gained a great deal."[24] Diplomacy alone could not overcome Britain's competitive weakness in post-war trade. British industries could not furnish all the products which the Swedes desired because some factories were still tooled for producing war material, some were damaged by bombing, and others could not obtain sufficient raw materials from overseas. Moreover, Swedish importers were frustrated by the British government which imposed conditions on transactions between British and Swedish firms which the Swedes often found unattractive. London sought to regulate the distribution of Britain's limited exports instead of allowing companies to trade freely.[25] Moreover, British manufacturers were unable to give Swedish importers firm prices, or as in the case of rolled steel producers, quoted prices which the Swedes considered to be too expensive.[26]

Swedish businessmen were also dismayed by the apparent lack of commercial acumen on the part of the British government's industrial representatives in Sweden.

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[24]H.L. Stetchell to Mallet, 14 April 1945 minute, FO 188/506.

[25]H. Ellis-Rees, Treasury, 23 June 1945 minute, BT 11/2333.

[26]Stetchell to Wheeler (Ministry of Supply), 31 July 1945 telegram 86 STOW, FO 837/921.

For example, British purchasing missions rejected large quantities of ready-sawn lumber which did not fit London's exact specifications. They refused to purchase several models of prefabricated houses which contained minor fixtures, such as built-in cupboards, which were not included in the Ministry of Housing's plans.[27]

In August 1945, Claude Bell, a British businessman in Stockholm, informed the Ministry of Supply that Britain was losing the Swedish market to the Americans because both British business and government officials approached Sweden in a bureaucratic rather than an entrepreneurical spirit. According to Bell, Swedes thought that:

> Britain seems to be tied hand and foot not only by controls, some of which [they] can quite understand, but by an attitude of mind towards trading which they can only attribute to 'war time isolation'... If we continue along these lines we are bound to suffer in prestige in the minds of people who hitherto have looked upon Britain as an outstanding example of commercial flexibility as well as stability.[28]

The United States' commercial relations with Sweden were exactly the opposite of Britain's. During the war, the State Department arranged exchange visits of Swedish and American businessmen to promote postwar trade. In 1943 and 1944, the Foreign Office advised the Ministry of Information that British propaganda in Sweden should

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[27] C. Bell - S. Walton (Ministry of Supply), 24 August 1945, FO 371/48021/N12775.

[28] Ibid.

counter American commercial advertizing and films expounding American strength and ingenuity while ignoring British achievements.[29] When hostilities ended, the U.S. enjoyed a prestige which eluded its ally. A Gallup Poll, published on 5 July 1945, found that of Swedes who were asked which power had contributed most to the Allied victory, 42% replied U.S.A., 32% responded the U.S.S.R., while only 10% believed Britain had played a major role in the war.[30] The establishment of a transatlantic airline, and the sale of P-51's to Sweden, enhanced the United States' image as the land of innovative promise. In June 1945, Expressen and other newspapers urged Johnson to allow a party of journalists to fly to the U.S.A. on ATC aircraft in order to prepare articles about American aviation.[31] In the spring of 1945, American businessmen were negotiating the sale of capital goods such as hydro-electric machinery and automotive parts. While British firms were vague as to the availability and price of their merchandise, American salesmen offered the Swedes competitive prices and immediate delivery dates. Mallet observed, "the Swedes seem to be completely sold on U.S.A. equipment and

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[29]Overseas Propaganda Committee, 20 October 1944, "Plans of Propaganda for Sweden," 1st Revision of Aims and Objectives paper 544, FO 371/43490/N7110.

[30]Dagens Nyheter, 5 July 1945 translation, FO 371/48027/N9278.

[31]C.A. Nycop (editor, Expressen) - Johnson, 16 June 1945, Private Papers of Hershell V. Johnson.

organization."[32] Although Stockholm attempted to limit American imports because of the Riksbank's small dollar reserves, Washington persuaded Stockholm to accept a large volume of luxury and other non-essential goods from the U.S.A. By 1947, Sweden's dollar and gold holdings had fallen to the point where the Swedish government was forced to impose strict import controls and to ration commodities such as coffee and petrol.[33] Sweden accepted Marshall Plan aid from the U.S. in 1947. However, Stockholm continued import restrictions and drew sparingly from their dollar account.

In 1946, Stockholm extended a credit of one billion kroner to Moscow and promised the Russians up to 20% of Sweden's annual exports for five years. Minister of Trade Gunnar Myrdal insisted that extensive trade with Russia was necessary in order to offset the postwar depression he had predicted in 1944. Some Swedish firms balked at committing a large portion of their exports to the U.S.S.R. The anti-Soviet newspaper, Dagens Nyheter, asserted that Myrdal had threatened to allow the American General Electric Company to break A.S.E.A.'s near monopoly on electrical goods in Sweden if the firm refused to export to Russia. However, Soviet purchases from Sweden

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[32]Mallet - Chancery, 24 April 1945 minute, FO 188/506.

[33]Sir C.B. Jerram (U.K. Ambassador) - Foreign Office, 7 May 1947 telegram 11 REMAC, FO 371/66495/N5445.

in the late 1940's were less than London had expected in 1944. Mallet's fears[34] that Sweden would become a Soviet client were never realized.

BRITAIN, SWEDEN, AND RUSSIA - A POSTWAR REALIGNMENT?

Economic issues overshadowed political questions in Anglo-Swedish relations during the immediate postwar years. British economic policy was guided by definite aims: to acquire inexpensive reconstruction materials from Sweden, to secure agreements with Stockholm which would help to restore Britain's commercial influence and curtail Swedish competition, and to increase British exports to Sweden. However, Britain had no long term political objective for Sweden after the Swedes stopped trading with Germany. Apart from the brief attempt to encourage Swedish intervention in Norway at the end of the war, London made no effort to draw Stockholm away from neutrality towards closer Anglo-Swedish diplomatic and military collaboration. Having remained neutral for the duration of the war, Sweden was ineligible for membership in the United Nations Organization and therefore isolated from the mainstream of international politics. Although the Foreign Office privately disapproved of Swedish proposals in 1942 for a neutral Nordic bloc, it chose to ignore the question and instructed Mallet to neither "encourage or discourage" the proposals when dealing with

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[34]Chapter Four.

the Swedes.[35] Britain could not offer the Swedes, who were apprehensive of growing Soviet power, a realistic alternative to continued neutrality after the war because the Foreign Office had failed to devise a practicable plan for collective security in Western Europe.

During the war, many leading Swedes, notably Christian Günther, the Foreign Minister, criticized the proposed world organization. They had asserted that the U.N. would be virtually a private club for the Great Powers in which small states would enjoy little influence. The Swedes maintained that the U.N. would prove as ineffective as its predecessor in preventing another world war. However in early 1945, Prime Minister Hansson and Defence Minister Sköld publicly intimated that Sweden would be prepared to join the U.N.O., and would not attempt to form a Nordic defence bloc if the world organization proved successful.[36] Günther, however, remained dubious of the world organization's ability to prevent another war. He asserted in a speech on 4 May that the mere existence of the United Nations did not guarantee world peace since the Great Powers would be unwilling to subordinate their national interests to the cause of world security. Günther believed that a war between Russia and the West was possible within five years.[37] He argued that Sweden

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[35]Chapter Four.

[36]Mallet - Eden, 26 January 1945, despatch 109, FO 371/48041/N2352.

[37]Ibid.

should maintain strong postwar defences to "convince every Great Power that it need never fear an attack by another Great Power through Swedish territory."[38]

Uncertainty over Swedish membership in the U.N. was resolved in July 1945 when Günther was replaced as foreign minister by Östen Undén after the Social Democrats dissolved Sweden's wartime coalition government. Undén was a strong supporter of the U.N., and as Foreign Minister during the inter-war period, had been largely responsible for Sweden's active participation in the League of Nations. He maintained that there was no reason to assume from the outset that the world organization was doomed to failure. Before taking office, Undén stated that Swedish membership in the U.N. "would bind Sweden much more definitely than in 1920 to a policy of collective security that was not reconcilable with neutrality."[39]

In spite of Undén's comments, the Foreign Office was convinced that Sweden would participate in the U.N. only as long as the Great Powers remained on good terms. Haigh minuted that notwithstanding the U.N., a war between the U.S.S.R. and the West would prompt Sweden to "try once again to follow the policy of neutrality which has served her so well in 1914-18 and in 1939-45."[40] The

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[38]Mallet - Eden, 29 May 1945 despatch 256, FO 371/48042/N7135.

[39]Labouchere - F.O., 26 July 1945 despatch 369, FO 371/48042/N9648.

[40]Haigh, 25 August 1945 minute; A. Hicks, 19 September 1945 minute, FO 371/48042/N9648.

Foreign Office observed that the new Swedish cabinet was headed by Hansson and contained many ministers who had been responsible for wartime government policy. Moreover, most Swedes approved of Sweden's neutrality during the war, and favoured the continuation of such a policy after the war as they were apprehensive of the U.S.S.R.'s seemingly ominous and unchecked expansion in Eastern Europe. A majority of Swedes questioned by the Gallup poll in July responded that Russia would be the most influential power in postwar Europe. The Foreign Office believed that the absence of a strong, independent power in Central Europe exacerbated the Swedes' traditional Russophobia. Moreover, the Swedes doubted Britain's and the United States' inclination and ability to take an active role in Europe. Although Stockholm would seek more intimate commercial and cultural relations with the West, it would also endeavour nervously to accommodate the Soviets as it had once done with Germany. A Foreign Office confidential print of 10 August commented, "If the Swedish man in the street is ever going to learn to look eastward with confidence, it is hardly likely that the new outlook will be acquired during the present generation."[41] This assessment was borne out by subsequent official Swedish statements and actions. Stockholm attempted to cultivate Soviet goodwill in January 1946, by deporting 165 Balts who had fought

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[41]Research Department, Foreign Office, 10 August 1945 confidential print (17178), FO 371/48042/N13428.

alongside the Germans and had fled from the Red Army to Sweden in May 1945.[42] However, the Swedes were not prepared to rely exclusively upon expedient gestures to ensure Sweden's security. Whereas the United States demobilized rapidly after the war, Sweden left much of its military establishment intact. Stockholm increased the Air Force's procurement budget and subsidized the development and production of Swedish designed jet fighter aircraft. In early February 1946, General Jung, the Commander-in-Chief of Sweden's armed forces told a conference of military chaplains that it was "growing increasingly obvious that the term 'Allies' should be used with quotation marks. The partitioning of the victorious states into a Western and Eastern bloc is becoming more evident every day."[43]

Swedish pessimism about the postwar order did not impress most Foreign Office officials. The British were less sanguine in the spring of 1945 about the prospects for continued Allied cooperation after the war, but did not believe the Soviet Union would be capable of starting another war in the near future. The Foreign Office dismissed Swedish predictions of an impending conflict between the U.S.S.R. and the Western Allies as merely another manifestation of the Swedes' ingrained Russophobia and

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[42]Tolstoy, op. cit., pp. 486-8.

[43]Jerram - F.O., 14 February 1946 telegram 8, FO 371/56963/N218.

narrow-mindedness. Swedish editorial speculation concerning this question within weeks of Germany's surrender prompted Goeffrey Warr of the Northern Department to minute on 25 May 1945:

> The Swedes appear to be planning on the assumption of a war in the future between the Western Allies and Russia, and it's certainly startling to find them thinking in these terms so early...but the arguments are neither convincing nor impressive.[44]

The Swedish attitude was less far-fetched than the Foreign Office cared to admit. Most officials desired a British-led bloc in Western Europe. However, London did not actively promote such a scheme during the immediate post-war years largely because of confusion within the Foreign Office.[45] Its members could not decide if the bloc should be a military alliance or merely an association of sympathetic nations who would give moral and diplomatic support to such British policies as intervention in Greece, whether the bloc should be established outside of or under the auspices of the U.N., whether London should seek approval from Moscow or defer the scheme altogether. Nevertheless the idea of a British-led bloc gained favour with members of the Northern Department such as Haigh and Warner. It is probable that they sought to exploit the Europeans' unease over Soviet intentions in order to consolidate the

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[44]G. Warr, 25 May 1945 minute, FO 371/48042/N7135.

[45]Discussion about a Western Security bloc during the war had been so intermittent and inclusive that some officials were uncertain if the creation of such a bloc was still an objective of British policy in 1945. Galsworthy, 25 June 1945 minute, FO 371/48042/N7135.

military and political influence which Britain had gained over its continental allies during the war. However they feared that if London did not establish a bloc immediately, British influence in states such as Norway and Denmark would dissipate "as time passes and the memory of our joint fight against the Germans grows fainter."[46] In July 1945, Haigh warned that the absence of a British-led bloc in Europe would enable the Swedes to entice Norway and Denmark into joining a Nordic alliance.

> The Swedes are now concerned with remaining neutral during the next war (which they believe to be inevitable), and to strengthen their chances, they hope to draw Norway and Denmark into their orbit of neutrality. It seems to me not impossible that they will succeed unless those two countries are in the fairly near future brought into some western security bloc.[47]

Haigh's worst fears were not realized. Norway and Denmark did establish closer ties with Sweden, but these were concerned strictly with economic and cultural matters. The Norwegians and Danes did not want excessive Swedish influence over their foreign and defence policies. Both Norway and Denmark sought to ensure their security through participation in the U.N. where they espoused a 'bridge-building' policy of maintaining harmony between East and West through mediation.[48] They were anxious to avoid

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[46]Haigh, 22 June 1945 minute, FO 371/48042/N7135.

[47]Haigh, 3 July 1945 minute, FO 371/48042/N7958.

[48]Philip M. Burgess, Elite Images and Foreign Policy Outcomes: A Study of Norway (Columbus: Ohio State University Press, 1967), pp. 75-83. Geir Lundestad, America, Scandinavia, and the Cold War, 1945-1949, (New York: Columbia University Press, 1980), p. 50.

offending the Soviets who had Finnmark during the last months of the war and occupied the Danish island of Bornholm between May 1945 and April 1946. All three Scandinavian states were aware that Moscow opposed the idea of a Nordic bloc, since a strong alliance - whether neutral or aligned with the West could potentially interfere with the U.S.S.R.'s access to the Atlantic. Soviet propaganda in 1945 condemned Sweden's wartime conduct and denounced the idea of a Nordic bloc as a threat "to the cause of peace and security".[50] Consequently, Swedish, Danish and Norwegian officials scrupulously avoided discussing possible Nordic military and diplomatic collaboration when they met at international conferences. In August 1945, Prime Minister Hansson declared publicly that Stockholm had never intended to promote anything more than economic and cultural cooperation between the Nordic states.[51]

Nordic cooperation did not undermine British influence in Norway and Denmark altogether. Britain equipped a substantial proportion of the Norwegian and Danish armed forces after the war. By 1946, 230 British advisors were in Norway while 806 Norwegian troops were

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[49]Henrik S. Nissen (ed.) Scandinavia during the Second World War, (Oslo, Universitetsforlaget, 1983); English ed. trans. by Thomas Munch-Petersen, (Minneapolis, University of Minnesota Press, 1983), pp. 333-339.

[50]Udgaard, op. cit., p. 152.

[51]Jerram to F.O., 16 August 1945 despatch 397, FO 371/48042/N10927.

training in Britain.[52] At London's request, Norway and Denmark contributed military units which served under British command in the British occupation zone in Germany. Some Norwegian officers would have preferred to acquire Swedish weapons which they thought better suited to Norwegian conditions. However, the Norwegian government favoured British arms which cadres of Norwegian troops had become familiar with during the war, because Norway could afford to buy materiel from Britain but not from other sources.

Although London actively sought to increase Anglo-Swedish trade after the war, no serious effort was made to expand British political influence in Sweden. The Foreign Office assumed that Sweden would remain neutral, and nothing short of a Soviet invasion would alter Stockholm's views. Off-hand comments in the minutes written during the summer of 1945 indicate that the Northern Department was more preoccupied with privately condemning Sweden's "uncooperative" attitude during the war than in planning ways in which to draw Sweden's post-war policy into alignment with Britain's. When the Swedish newspaper, Svenska Dagbladet, condemned the nuclear bombing of Hiroshima, W.F. Ewart minuted that the Swedes "have not been very cooperative towards the Allies until the very end of the war in Europe and are in no position to condemn the use of the atom bomb."[53] Mallet

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[52]Udgaard, op. cit., p. 162.

[53]W.F. Ewart, 20 August 1945 minute, FO 371/48042/ N10321.

believed that Sweden could be drawn eventually into closer alignment with Britain. Before departing from his post in mid-June 1945, Mallet sent a lengthy despatch to the Foreign Office describing the strength of British political prestige in Sweden, in spite of the ominous Soviet presence in Eastern Europe and aggressive American marketing methods. He believed that this was largely a manifestation of Swedish gratitude to Britain for its "methods of fair dealing which were considered to have been displayed on the various occasions when Sweden came in for considerable Allied pressure with a view to obliging her to control her trade with Germany."[54] He argued that although American consumer goods were popular in Sweden, the Swedes were "conscious of the New World crudity of much in American life and prefer the British."[55] The Foreign Office was sceptical of Mallet's sanguine appraisal of Swedish attitudes. Many officials shared Haigh's opinion that Mallet had been "a very sympathetic apologist" for Swedish actions throughout the war.[56] Nevertheless, the Foreign Office conceded, from conversations with prominent Swedes and from Swedish editorials, that considerable pro-British sentiment existed in Sweden. However, the Foreign Office did not attempt to exploit this sentiment to strengthen British

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[54]Mallet-Eden, 19 June 1945 despatch 306, FO 371/48042/N7958.

[55]Ibid.

[56]Haigh, 1 July 1945 minute, FO 371/48042/N7460.

influence in Sweden. Its only response to Mallet's report was to circulate copies of his despatch to the Board of Trade in order to help British businesses formulate marketing plans.

Unlike the Foreign Office, the service attachés believed that Sweden could be induced to form closer diplomatic and military liaison with Britain, and actively attempted to cultivate ties between the British and Swedish services. Air Commodore Maycock was an especially ardent proponent of such a scheme. He was undoubtedly influenced by the rapport he enjoyed with General Nordenskiöld, who had openly admired the R.A.F. throughout the war, and had sought to obtain Spitfires from Britain since 1941. Whenever Maycock learned that an Air Marshal was about to travel to northern Germany or Norway, he would urge the Air Ministry to extend the official journey to include a goodwill visit to Sweden. He maintained that Sweden might have displayed less deference towards Berlin during the war if confidence in Britain's military capabilities had been bolstered by British goodwill visits and other forms of propaganda before the war. He warned that if Britain neglected the Swedish services after the war, Sweden would again be drawn towards "the side of the most powerful neighbour, or neutrality, or possibly dangerous isolation."[57] At Maycock's insistence, Air Chief Marshals

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[57]Maycock-Air Ministry, 6 June 1945 despatch A.A. SWD. 52/45, FO 371/48035/N6093.

Portal, Tedder and Harris visited Sweden during the summer of 1945. American and Soviet attachés also arranged similar goodwill gestures by illustrious generals such as Patton and Zhukov. As a result, Brigadier Sutton-Pratt and Captain Denham were prompted to press for visits from Field Marshal Montgomery and Admiral Cunningham.

The Foreign Office was wary of despatching further military V.I.P.'s to Sweden after the first visits in June and July. Warner told Air Vice Marshal Dickson that "it is a bit excessive for so many great men to visit Stockholm so soon after each other...the Swedes were not even very good neutrals and we do not want to give the impression that we are all over them."[58] However, the Foreign Office came to endorse the attaché's efforts after it learned of Soviet plans to have Russian warships visit Stockholm in late August 1945. C.B. Jerram, Mallet's successor, reported on 3 September that the Swedes had accepted the Soviet request "without relish" and suggested that units of the Royal Navy visit Sweden before the Russians arrived. Jerram maintained that the Swedes might be led to "look to the East or over our heads to the extreme West."[59] In the face of this and similar arguments from

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[58]Warner-Dickson, 19 July 1945 letter, FO 371/48035/N8680.

[59]Jerram-Foreign Office, 3 September 1945 telegram 1308, FO 371/48035/N11547.

the Air Ministry, the Foreign Office allowed Maycock to foster closer ties between the R.A.F. and the Swedish Air Force. The R.A.F. furnished technical information to enable the Swedish Air Force to improve ground operations and reorganize its air-sea rescue service. This liaison between services eventually led to Sweden's purchase of 50 Spitfires in 1946 and 210 de Haviland Vampire jet fighters in early 1948.

The British service attachés took a close interest in the discussions which the Swedish, Norwegian, and Danish military authorities held in 1947 as a tentative move towards closer military cooperation between the Nordic states. The Foreign Office had not been concerned about possible Soviet expansion into Scandinavia during the war. When the Red Army invaded Finnmark in the autumn of 1944, the Foreign Office assumed that Moscow would honour Stalin's assurance to Eden of 1941, that the U.S.S.R. regarded Norway as part of Britain's sphere of influence.

However, as relations between Moscow and the West deteriorated during 1947, Foreign Secretary Bevan and the Chiefs of Staff came to fear that the Soviets would overrun Scandinavia in a future war. Occupation of this region would enable the Soviets to control the Baltic, menace Western shipping in the North Sea and Atlantic, and possibly attack the British Isles. Therefore, London concluded that a Nordic defence bloc was essential to Britain's defence. Although the British would have

preferred an alliance with close ties to Britain, they felt that even a non-aligned bloc would deter Soviet agression if it was well armed and organized.

The British Chiefs of Staff believed such an alliance would deprive Russia of access to bases and raw materials, notably uranium, during a future war. If allied with Britain, such an arrangement would improve the British early warning system against a Soviet air attack, and would enable the British to establish bases, for launching rocket attacks on Soviet communications with Western Europe and shortening the distances of bombing raids on Moscow.[60] As Britain could not supply sufficient arms for all three states, the Chiefs suggested that Sweden should be encouraged to develop "a healthy arms industry" manufacturing British weapons under licence.[61] The Foreign Office also favoured a Scandinavian defence union, but believed the three governments would feel too intimidated by Moscow to cooperate openly in defence matters. The Chiefs of Staff, therefore, sought to encourage de facto collaboration between the Scandinavian services: "it is better to have a covert bloc than no bloc at all."[62] They believed that the Scandinavian service chiefs could goad their governments to establish a formal alliance once the details for military cooperation had been worked out.

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[60] Joint Planning Staff, 4 June 1947 report Scandinavian Defence - Strategic Considerations, J.P. (47) 56 (FINAL), FO 371/65961/N6750.

[61] Ibid.

[62] Ibid.

In 1948, the Norwegian, Swedish, and Danish foreign ministers discussed proposals for Scandinavian defence. They established a joint Scandinavian Defence Commission in September, but these steps did not result in an alliance and only served to reveal the inherent differences between the three states. The Swedes viewed a Scandinavian alliance as an extension of their own armed neutrality to the rest of the region. Although Norway was willing to participate in a Nordic defence scheme, the Norwegians recognized that the collective strength of the three states would not be sufficient to combat a Soviet invasion of Norway. Oslo wanted to maintain ties with the West, either in the form of affiliation with the developing North Atlantic Alliance or by a special arrangement with the United States and Britain to ensure that Norway would receive not only arms but armed assistance. Britain and Canada were prepared to arrange an understanding between NATO and a Scandinavian alliance. But Washington was anxious to secure Greenland and Spitzbergen as possible bases, and therefore desired Norway and Denmark as full participants in NATO. The Americans assumed that membership in a Scandinavian bloc might lead the Norwegians and Danes to deny facilities to western forces in the event of war. Norway and Denmark ultimately joined the Western Alliance after the U.S. insisted that NATO be given top priority to receive American weapons.[63]

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[63]Lundestad, op. cit., p. 221-222.

In the spring of 1948, an Anglo-French delegation visited Stockholm in an effort to encourage Swedish military and diplomatic collaboration with the West. The Swedish government was also under domestic pressure to adjust its foreign policy to reflect a growing anti-Soviet outlook in Swedish public opinion. Several leading generals wanted to standardize Sweden's weapons with those of the West. However, Moscow countered these trends with a strident propaganda campaign in which Red Star, Red Fleet, and Pravda published such articles as "War Psychosis in Sweden."[64] These articles contended that Swedish concerns about Soviet agressiveness were a manifestation of the same outlook which had permitted the transit traffic and other Swedish concessions to Germany during the war. Soviet pressure reinforced Stockholm's neutralist outlook. The British services' earlier interest in developing a liaison with Sweden abated once it was apparent that Stockholm would not follow Oslo and Copenhagen into the Western Alliance. The R.A.F. was reluctant to sell Vampire jets, Britain's most advanced fighter to a power which was determined to remain neutral. However the aircraft were delivered at the insistence of the Ministry of Supply, who maintained that such a large transaction was beneficial to Britain's aircraft industry.

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[64]British embassy, Moscow, to Foreign Office, 30 March 1948 telegram 432, CAB 122/916.

Sweden became less important strategically to London after the European order had settled into three groups: a Western bloc, the Soviet bloc, and the non-aligned or neutral states. Sweden's primary postwar significance to Britain was as a trade partner. During the initial postwar years, Britain did not regard Sweden as a potential ally against Russia, as Britain had yet to develop a coherent policy towards the Soviet presence in Europe. The flurry of activity by the air attaché in Stockholm was derived largely from his wartime efforts to cultivate General Nordinsköld's anglophile sentiments in order to strengthen anti-German opinion in Sweden. Maycock had supported Nordinsköld's requests for Spitfires since 1943, and he regarded the postwar expansion of the Swedish Air Force as an opportunity for Britain to sell aircraft. Aircraft sales to Sweden were negotiated largely for reasons of prestige and commerce. Although there was some hope that the military recipients of these exports would induce the Swedish government to adopt a pro-Western policy, most Foreign Office officials assumed that Stockholm would continue to follow the 'middle way' in foreign affairs. Although the Foreign Office did not want Norway and Denmark to copy the Swedes, it did little to counter any neutral tendencies in their foreign policies. London began to consider seriously Sweden's strategic value in 1947, after Western disputes with the Soviets elsewhere in Europe had made the prospect of war with Russia seem more likely.

However, interest in Sweden's participation in an alliance stemmed mainly from the fact that Sweden was the strongest of the three Scandinavian states, and was presumed by the British to possess influence over its neighbours. Geographically, Norway and Denmark were of greater value to Western defence. Although Britain would have preferred to have Sweden's membership in, or association with the Western alliance, London accepted Sweden's continued neutrality. London's attitude towards Sweden at the onset of the Cold War was similar to its wartime policy. The Foreign Office did not approve of Swedish neutrality but was prepared to tolerate it because Britain's influence was weak. Its influence was insufficient to counter the historical, strategic, economic, and psychological factors which justified neutrality in the minds of Sweden's policy-makers.

CHAPTER NINE

SUMMARY AND CONCLUSIONS

Throughout most of World War II, Britain's overall economic and military weakness determined the nature of London's relations with Stockholm. Between the end of the Norwegian campaign and the United States' entry into the war, British policy towards Sweden amounted to little more than a diplomatic 'holding action.' Britain was isolated from the European continent and incapable of preventing the Wehrmacht from overrunning small states such as Norway and Denmark. London could not counter Berlin's overwhelming economic, diplomatic, and psychological influence over Stockholm. Fear of possible German reprisals deterred the Swedes from displaying the same consideration towards British interests that they showed towards Germany. The British were thankful that Sweden had not become absorbed entirely into the Axis orbit, and, for the time being, aquiesced to Sweden's attitude. British interest in Swedish exports to Germany which had been keen during the 'Phoney War' dissipated rapidly after the fall of Norway, and remained academic throughout 1941 and 1942 because Britain could not interfere with this commerce. During this period, the Foreign Office and Ministry of Economic Warfare were concerned primarily with the extent of Sweden's political concessions to Germany, such as the military transit traffic. The British did not expect Stockholm to

reverse this policy. In the face of London's reduced influence in Sweden, British aspirations were limited to seeking 'equal treatment,' such as non-interference with blockade running, which would demonstrate that Sweden was still a neutral and not a satellite of Germany.

The United States' intervention and subsequent Allied victories over Axis forces during 1942 and 1943 strengthened, to some extent, Britain's bargaining power with Sweden. Britain was no longer an isolated and weak power with no clear prospect of dislodging Axis forces from their conquered territories, but was instead a member of a powerful coalition supplied and equipped by the Western Hemisphere's seemingly inexhaustible resources. American diplomatic support, along with improving Allied military fortunes enabled London to resolve the principal long-standing Anglo-Swedish differences. Intense Allied diplomatic and economic pressure goaded the Swedish government into allowing the Dicto and Lionel to make an abortive blockade running attempt from Gothenburg in January 1943. Six months later, Stockholm terminated most of Germany's military transit privileges. Allied ascendancy also induced the Swedes to adopt a more accommodating attitude towards the Norwegian government-in-exile and show less deference to Berlin.

Although partnership with the United States helped the British realize their goal of a more 'even handed' Swedish foreign policy, American intervention also restricted British options in dealing with Sweden. London

was the senior partner by virtue of its experience, but Washington became the 'prime mover' of Allied policy towards Sweden. By 1944, Britain's role in the 'common front' was relegated to that of a supporter rather than that of full partner. The Americans expected the British to endorse and help implement their economic warfare proposals, but paid little attention to London's views when formulating what was supposed to be a joint policy. Although British officials, such as Dingle Foot, Lord Selborne, and Lord Halifax were deeply disturbed by Washington's high-handedness, the Foreign Office never challenged the Americans openly. Sir Orme Sargent and his subordinates in the Northern Department believed that in view of Britain's limited influence in Washington, such a confrontation with the Americans over Sweden would be an empty gesture which could damage other more critical areas of Anglo-U.S. collaboration.

Washington's predominant influence over Allied policy towards Sweden stemmed from the United States government's control over nearly all supplies which Sweden imported from the Western Hemisphere. All American exports to European neutrals required approval of the U.S. War and Navy Departments. The War and Navy Under Secretaries, Patterson and Forrestal, were unwilling to divert supplies from the American war effort to Sweden as long as the Swedish economy was tied closely to Germany's war production. As fervent advocates of economic warfare, Patterson

and Forrestal felt the British were too complacent towards Swedish-German trade, and believed that a more ruthless Allied blockade policy could force Sweden to stop this commerce entirely. By 1944, the Under Secretaries had grown impatient with London's preferred method of reducing Swedish exports to Germany gradually through negotiation and pre-emptive commercial transactions. They believed that the United States should, in Lord Selborne's words, "cash in" on Allied military successes and press the Swedes to terminate all trade with Germany.

During the spring of 1944, the M.E.W. sought to hasten a more reasonable American attitude by confronting Patterson and Forrestal with statistics and other details which supported the Ministry's contention that a strident policy towards Sweden was unnecessary and potentially harmful to Allied interests. However the Ministry's arguments merely reinforced the Under Secretaries' scepticism of British resolve. Moreover, since 1944 was a presidential election year, Dean Acheson, and other State Department officials who had accommodated Britain's views in previous years, adopted a more aggressive attitude towards neutral trade so that the American electorate would recognize that the Department was doing something to help the war. In July, the War Department persuaded the State Department to threaten Sweden with economic sanctions such as stopping the Gotenburg traffic if Stockholm did not terminate Swedish-German trade immediately. The War

Department also prompted the State Department to inform London that Washington would act unilaterally if British support for this ultimatum was not forthcoming. The Americans' uncompromising attitude compelled the Foreign Office to support them officially. However, the British continued to lobby for a more 'understanding' policy in Washington, and the Foreign Office deleted the threats from the joint Anglo-American démarche of 24 August. Sweden's piecemeal concessions to the Allies during 1944 reduced the volume of Swedish exports considerably by the autumn, but the remaining vestiges of this trade continued to disturb Patterson and Forrestal. Therefore, they prompted Roosevelt to impound the Saturnus and its rubber cargo in November without consulting the British. This unilateral action succeeded where other approaches, such as personal appeals from Roosevelt to Churchill, had failed: it prodded the British to press wholeheartedly for a complete Swedish embargo on Germany. The Foreign Office recognized that the United States was capable of forcing the cessation of Swedish exports without Britain's support. London, therefore, endorsed Washington's policy fully in order to prevent the Swedes and other Europeans from concluding that the 'common front' was merely a facade which concealed British weakness as well as American power.

London's reluctance to support U.S. policy wholeheartedly stemmed from a variety of motives within the British government. Some objections to the American proposals were made out of concern for matters which were vital to the Allied war effort, such as obtaining the wreckage of a V-2 missile and related intelligence from Sweden. Other objections, such as Dingle Foot's assertions, in the summer of 1944, that Allied sanctions might prompt Stockholm to abrogate the War Trade Agreement seem fatuous in view of the Allied armies' rapid advance towards Germany. Foot's concern also seems short-sighted in comparison with Britain's extreme dependence upon U.S. military and economic assistance and British hopes for continued American goodwill and cooperation after the war.

Apart from Sir Victor Mallet, the ardently pro-Swedish British minister in Stockholm, Foot was the most determined British critic of U.S. policy, and staunchest advocate of 'understanding' towards Sweden. If the Swedes intended to continue trading with Germany indefinitely by playing London off against Washington, then Foot willingly, albeit unwittingly, obliged them.

Allied military successes during 1943 and 1944 did not encourage Foot to adopt a more assertive attitude towards Sweden. Instead of seeking to 'cash in' on Germany's declining fortunes, Foot behaved as if German control over Europe remained as complete as it had been during the first three years of the war. Whereas the Americans exaggerated Allied bargaining power, Foot was preoccupied with what he felt were the weaknesses in the Allies' negotiating position. He believed that Allied control over Sweden's overseas supply sources and the prospects for ultimate Allied victory were inadequate grounds to counter Sweden's considerable economic dependence upon Germany.

The Americans were confident that sufficient pressure would bring Sweden to heel. Foot was convinced that such a policy would merely alienate the Swedes and lead to an impasse in matters such as the negotiations with S.K.F. He regarded the War Trade Agreement of 1943 as a major accomplishment of Allied diplomacy and a great economic sacrifice on Sweden's part. He believed that the Swedes were honouring the spirit, if not always the letter, of the Agreement. Moreover by March 1944, Foot and G.H. Villiers, head of the M.E.W.'s Enemy Trade Department, had concluded that further action to suppress iron ore exports, the largest and most valuable element of Swedish-German trade, would be unnecessary since Swedish ore was

no longer significant to the outcome of the war. In Foot's opinion, the Allies would be committing a breach of faith if they stopped or threatened to stop the Gothenburg traffic to press Stockholm to grant concessions not covered under the Agreement. Foot accepted, without reservation, Swedish assurances of their good intentions and the effectiveness of 'administrative measures' in restricting exports to Germany. He based his conclusions about Swedish trade on statistics supplied by the Swedes. He listened carefully to Hägglöf, Boheman and Wallenberg's objections to the American terms. Their descriptions of such mitigating circumstances as fear of possible German retaliation, supply shortages, economic dependence, etc., reinforced Foot's conviction that economic warfare against Germany should be conducted in a manner which would not undermine Sweden's economic interests greatly. When American pressure or, as in the case of ball bearings, military necessity obliged London to press Sweden for major concessions, Foot believed in offering the Swedes valuable incentives such as Spitfires, Silesian coal or generous monetary compensation.

Foot and Villiers believed that their policy of reducing Swedish exports through informal 'gentlemen's agreements' with Boheman and placing pre-emptive purchases with S.K.F. was the most effective and realistic means of resolving outstanding Allied-Swedish differences. They were exasperated by Washington's unwillingness to share their view and appreciate the M.E.W.'s accomplishments.

Villiers was especially proud of his Ministry's role in prompting Stockholm to withdraw Swedish shipping from the Baltic, which he heralded as an unqualified success for British diplomacy and vindication of the M.E.W.'s refusal to endorse 'battering ram' tactics.

In many respects, the M.E.W.'s policy during 1943 and 1944 represented a success for Swedish diplomacy. It enabled Sweden to accommodate the Allies gradually. By persuading Foot to rely on compromise and subterfuge, such as 'administrative measures' and pre-emptive purchases, Stockholm could claim officially that it was still honouring its trade commitments to Berlin to the best of its ability. Although German exports to Sweden diminished correspondingly with each Swedish concession to the Allies, the Swedes continued to import until the end of 1944, by which time Germany became almost incapable of delivering coal and other commodities to Sweden.

Foreign Office officials, such as Warner, Nutting, Galsworthy, and Haigh did not share Foot's sympathy for Sweden. Privately, they viewed the Swedes as selfish opportunists seeking to profit from the war without taking risks. They were also more conscious than Foot of the need to remain on good terms with Washington regardless of how exasperating they found American 'bull-headedness.' However, the Foreign Office usually deferred to the M.E.W. in questions relating to Swedish-German trade, and endorsed Foot's alternatives to the strident American proposals. It also encouraged the Chiefs of Staff to present a

'military' argument supporting the M.E.W.'s attitude to their American counterparts. When obliged to act in concert with the Americans, the Foreign Office redrafted formal Anglo-U.S. messages to Stockholm, substituting platitudes and vague admonitions for the American demands and threats in order to soften the impact on Swedish sensibilities. However, the Foreign Office was not reluctant to threaten or impose sanctions on Sweden because it opposed 'battering ram' tactics as a matter of principle. It employed similar negotiating methods on two occasions during the war. In January 1943, London threatened to stop the Gothenburg traffic if Stockholm did not grant clearance to the Dicto and Lionel. When the negotiations for the new Anglo-Swedish payments agreement were deadlocked, between January and March 1945, the Foreign Office refused to ratify the extended War Trade Agreement by which the Americans would continue Sweden's wartime import quotas for ninety days after the cessation of hostilities. In both instances, Britain's vital interests were at stake: the Dicto's and Lionel's ball bearing cargoes in 1943, and the restoration of sterling as a major currency in 1945.

The Foreign Office withheld full support for Washington's 'battering ram' proposals throughout most of 1944 because it considered the American tactics unnecessary and counterproductive. With the exception of ball bearing exports, the Foreign Office considered Swedish-German trade as essentially an American concern. Nearly all

British officials believed that their American counterparts exaggerated the importance of this commerce far beyond its intrinsic value to the German war effort. Warner, Nutting, and Haigh, who often took a jaundiced view of Foot's and Mallet's readiness to accept Swedish arguments without question, agreed that the American policy of sweeping demands supported by threats would probably fail to hasten an embargo on all Swedish shipments to Germany. Believing that they understood Swedish attitudes better than the Americans, the Northern Department assumed that Stockholm had little choice but to reject American proposals as long as the Swedes remained isolated from the West, heavily dependent upon German supplies, uncertain of the war's duration, and fearful of German retaliation. If the Swedes were to reject their proposals, the Allies would be forced to either make good their threats or relent and attempt a different approach. The first option would generate widespread resentment in Sweden, and possibly other neutral countries, towards Britain and the United States. The second would lead the Swedes and other powers to question Allied resolve and bargaining ability. It would give German propagandists a splendid opportunity to ridicule the Allies, bolster Swedish confidence in Stockholm's ability to resist Allied pressure, and result in a more inflexible Swedish attitude towards future Allied proposals. The Foreign Office believed that either reaction to a Swedish rebuff would harm Britain's immediate interests, such as obtaining the

V-2 missile which had crashed in Sweden, and undermine London's long-term plans. It was therefore to Britain's advantage to avoid the dilemma altogether by discouraging the Americans from pressing their demands upon Sweden.

London needed Swedish goodwill and other favourable bargaining conditions to negotiate far-reaching postwar economic arrangements with Sweden. Economic questions were critically important to the British. London would have to cope with heavy war devastation, indebtedness, and keen commercial competition from the United States and some neutrals, such as Sweden, after the war. After the conclusion of the War Trade Agreement in the autumn of 1943, the Foreign Office, Treasury, Ministry of Supply, and other interested Departments began to consider how to revive Anglo-Swedish trade, and ensure that Sweden participated fully in postwar relief and reconstruction schemes. Britain stood to gain more from these arrangements than did Sweden. Moreover, London could offer Stockholm few incentives. A strident Allied approach over Swedish exports to Germany could jeopardise the impending Anglo-Swedish negotiations. Such action would not only make the Swedes less willing to accommodate London's postwar proposals, but also would prompt Stockholm to ask considerable compensation for lost trade with Germany as a quid pro quo for postwar cooperation with Britain.

The Treasury's planned payments agreement with the Swedish Riksbank was Britain's overriding requirement from Sweden during 1944. The agreement would oblige

the Riksbank to hold 50 million pounds against an equivalent amount of kroner which the Swedes would advance to the Bank of England. By making sterling convertible at par with the krona, the agreement would revive the pound as an international medium of exchange, even though London had liquidated the Bank of England's gold and hard currency reserves to finance the war before American Lend-Lease had been introduced. Without the payments agreement, the Ministry of Supply would be unable to import timber, prefabricated houses, and other urgently needed reconstruction materials. The Treasury was confident that, over the long term, large sums of sterling would accumulate in the Riksbank and thereby induce more Swedish imports from Britain. Furthermore, the Treasury and Foreign Office hoped that the payments agreement with Stockholm would encourage other European nations to conclude similar arrangements with London, leading to a new sterling bloc and removing awkward financial barriers to postwar British trade. The Treasury and Ministry of Supply were anxious to initiate the payments and timber purchase negotiations during the summer of 1944 so that these questions could be settled before the cessation of hostilities, thereby enabling Britain to import from Sweden as soon as direct transport was feasible. However, the Foreign Office postponed these negotiations in deference to the Americans. The payments negotiations did not begin until after the Saturnus embargo in November had forced Stockholm to agree to discontinue all trade with Germany by 1 January 1945.

By this time, London's chances for concluding the payments agreement amicably had dissipated and the British were obliged to resort to their own 'battering ram' tactics.

Various departments of the British government, the Foreign Office in particular, sought to secure Sweden's membership in the United Nations' administered relief and recovery programmes. The British viewed Sweden as a large reserve of raw materials, finished goods, and shipping for UNRRA,the U.N. shipping pool, and other international relief organizations. Some officials, such as Warner, resented the fact that Sweden had become a strong industrial power by remaining neutral and undamaged by the war. They feared that the Swedes would undermine an orderly economic recovery in Europe if allowed to trade freely and exploit Sweden's commercial advantages to procure and hoard scarce commodities at the expense of UNRRA. Some officials even regarded Sweden as a potential rival to Britain in some areas of world trade, such as exporting capital goods and ship chartering. Nutting went so far as to say that Sweden was one of Britain's "most dangerous competitors" when he criticized Foot's proposal to offer 3-4 million tons of Polish coal to compensate Sweden for stopping iron ore exports.

The British outlook towards foreign competition in any field of postwar commerce was defensive. London recognized that Britain's only hope for postwar economic recovery lay in increasing British exports to new markets, such as Europe, to compensate for the loss of traditional

overseas markets to American interests during the war. However, Britain would be unable to establish and consolidate any commercial influence in Europe during the initial years of peace because British industries were damaged severely by bombing, in bad repair, or tooled fully for military rather than peacetime export production. British shipping also would be engaged fully after the end of hostilities in Europe with such tasks as transferring troops to the Far East, supplying Britain and British occupation forces, repatriating refugees and P.O.W.'s, and transporting relief supplies. Having an inadequate air transport infrastructure, Britain was unprepared to compete with American and European interests in the revolutionary and potentially lucrative field of civil aviation. The Foreign Office and other concerned departments sought to prevent foreign encroachment on Britain's future markets once wartime restrictions and controls ended by establishing international bureaucracies which would regulate commerce and stifle competition. The proposal for 'internationalizing' civil aviation to prevent American airlines establishing transatlantic services with Sweden and other countries on a reciprocal basis was the most elaborate of these schemes. The Foreign Office believed that Sweden would be unable to compete aggressively on world markets if Swedish shipping, surplus commodities, and other resources were committed fully to the various United Nations relief agencies.

However, these international trade restrictions required international approval in order to be effective. The countries with the most to gain from the end of wartime restrictions did not share London's desire to curtail competition by establishing new trade controls after the war. The British attracted little support for internationalized civil aviation. London continued to advocate this scheme after it had been rejected at the Civil Aviation Conference in Chicago in November 1944, but most neutral and liberated European states ignored the British and concluded bilateral aviation agreements with the United States. The Foreign Office expected American support in persuading Stockholm to participate in the U.N. recovery programmes. The Americans, however, were mainly interested in securing Swedish membership in the U.N. shipping pool which would alleviate U.S. transport shortages in the Pacific, and in obtaining a Swedish promise not to harbour Nazi war criminals and loot. Once Stockholm granted these concessions, London was obliged to drop its other proposals because of insufficient American support. Sweden contributed substantial humanitarian aid and relief to postwar Europe, but not on the scale which the British had sought. Sweden did not become a serious competitor with Britain in world trade because Sweden was hampered by the same endemic fuel and supply shortages which weakened all European economies, including Britain's, after the war. It is also possible that Nutting and other British officials had exaggerated Sweden's competitive potential because they

envied the neutral Swedes' relative prosperity during the war.

Strategic and military considerations were largely peripheral to British policy towards Sweden. Until the last months of the war, the Foreign Office, Chiefs of Staff, and the Joint Planning Staff did not regard Sweden as a potential belligerent nor did they have a strong motive for bringing the Swedes into the war. Churchill advocated Swedish intervention on several occasions between 1941 and 1944. Like Hitler, Churchill believed that a British invasion of Norway would affect the outcome of the war dramatically. He maintained that the British would be able to liberate Norway quickly without diverting large numbers of troops from other fronts if Sweden entered the war. Moreover, the Prime Minister felt that intervention would benefit the Swedes since it would entitle them to join the United Nations, and give them a chance to do something honourable to atone for remaining neutral when the Wehrmacht overran their Scandinavian neighbours. However, the Chiefs of Staff were unenthusiastic about mounting another campaign in Norway where formidable natural obstacles would hinder a seaborne assault against the Germans' well-entrenched positions. They considered briefly that such an undertaking would be feasible with Swedish assistance after Boheman intimated in October 1941 that Swedish forces would capture Trondheim if Germany invaded Sweden. The Chiefs lost interest in this scheme once it became apparent that Boheman's approach,

and a subsequent visit to London by General Nordinskiöld's emissaries, was unofficial and would not lead to more serious discussions between the British and Swedish staffs. London could not plan for possible joint operations with the Swedes or anticipate how to reinforce Sweden in the event of an invasion without detailed knowledge of Swedish defense plans and state of readiness. The Chiefs of Staff and the Joint Planning Staff treated Swedish intervention and the liberation of Norway as academic matters and summarily dismissed subsequent suggestions for action in Scandinavia. The Foreign Office shared their view, believing that Swedish intervention, like the prospect of Germany attacking Sweden, was highly improbable. Warner and his colleagues in the Northern Department assumed that Boheman's private proposal and Nordenskiöld's requests for aircraft in 1941 and 1943 were Swedish attempts to 'curry favour' with London and ascertain whether the British intended to invade Norway. Because of the Swedish government's determination to remain neutral and recurrent Swedish invasion fears, the Foreign Office believed that any British attempt to encourage Sweden's intervention would complicate unnecessarily Allied relations with Sweden.

In 1944, Sweden assumed a secondary strategic importance as an unwitting pawn in the Graffham and Royal Flush deceptions. Although Britain lacked the forces and inclination to invade Norway, the Chiefs of Staff sought to convince Berlin that such action was imminent in order to prevent the Germans from withdrawing their sizeable

occupation forces to France during the spring and summer. In order to create the impression that London was anxious to secure Swedish collaboration in advance of the Norwegian landings, the British legation made numerous requests for such concessions as landing rights for Allied aircraft at Swedish aerodromes. The Foreign Office instructed Mallet to discontinue most of these approaches in May because it feared that growing Swedish anxieties about being drawn into the war were undermining Allied negotiations with S.K.F. The deception which was maintained on a limited basis during the summer of 1944, together with the Americans' bombastic rhetoric about Swedish trade, continued to fuel Swedish fears about renewed hostilities in Scandinavia. By September, the Foreign Office felt obliged to reassure the Swedes that London was satisfied with their neutrality and did not expect Sweden to intervene.

The Foreign Office's attitude on this question changed radically during the last months of the war. By March 1945, it shared Churchill's desire to bring Sweden into the war and in late April, instructed Mallet to ask the Swedish government to agree to Allied-Swedish staff talks. This abrupt reversal in formal British policy was stimulated by Allied concern over possible German resistance in Norway after Germany itself had capitulated. General Eisenhower believed that the Allies would have to mount an overland assault from Sweden if the German garrisons in Norway refused to surrender after their

homeland had fallen.

Swedish intervention in Norway became more attractive to the Foreign Office in the spring of 1945, because direct communications with Sweden had become feasible. Field Marshal Montgomery's advance into northern Germany would enable the Western Allies to supply and reinforce Sweden from Danish and north German ports. Moreover, vague comments which Sköld and a number of Swedish generals had expressed when the Swedish Air Force began to receive Mustang fighters led the Foreign Office to infer that Stockholm would be willing to liberate Norway with Western assistance.

The Swedish government, however, believed that last minute intervention in Norway would only provoke the otherwise demoralized German garrisons into laying the country to waste. With the support of some prominent members of the Norwegian resistance and Norwegians exiled in Sweden, Stockholm rejected the Royal Norwegian government's demand for immediate Swedish mobilization. Throughout the war, the Swedes had sought to influence events through diplomacy rather than by armed intervention. Stockholm mediated the Soviet-Finnish armistices of 1940 and 1944, and King Gustav V had offered to arrange peace negotiations between the British and Hitler in 1940. Himmler's attempts to arrange a separate peace with the Western Allies through the Swedish Red Cross gave Stockholm an opportunity to persuade senior German

officials to include Norway in any general surrender terms.

The Western Allies rejected Himmler's proposal out of hand, but the Americans encouraged the Swedes to continue their negotiations with Himmler in the hopes that Norway's occupation could be ended peacefully. Washington was also aware of Swedish contacts with the German authorities in Norway and the Norwegian resistance. The British were less patient with Stockholm. Far-fetched rumours that the Germans in Norway would surrender to the Red Army if intervention was postponed until after the war, prompted Churchill and some Foreign Office officials such as Sargent to seek immediate Swedish mobilization. However, U.S. officials were reluctant to press the intervention question prematurely. Washington persuaded London that the Allies should demand only staff talks for the time being. Consultation between the Allied and Swedish staffs would not commit Sweden to mobilize, but would enable Eisenhower's headquarters to make adequate plans if a Norwegian expedition became necessary.

Stockholm agreed to hold staff talks on 30 April, but did not mobilize. Perhaps the Swedes accepted the Allied proposal in order to bring additional leverage on the Germans. The Swedes continued to discuss surrender terms with Himmler's emissary, Walter Schellenburg, during the first week of May, offering to intern German forces from Norway in Sweden. However these negotiations became academic once the German command in Norway ceased resistance the day after Admiral Doenitz's surrender on 7 May.

British wartime diplomacy had little bearing on London's postwar relations with Sweden. Stockholm's disposition towards the Great Powers in 1945 was determined by their relative strengths at the end of the war. The United States was the world's strongest economic nation, most technically advanced military power, and sole possessor of atomic weapons. The U.S.S.R. was numerically the world's most formidable military power, occupying Eastern Europe and making its influence felt among the weak and divided states of Western Europe. Britain behaved as if it was a great power, but British military strength was considerably weaker than that of the U.S. or Soviet Union. The British economy more closely resembled those of the devastated states of Western Europe rather than that of a great power. Economic strains forced London to drop many overseas military and naval commitments during the two years following the cessation of hostilities.

The cessation of World War II, and the end of German predominance in northern Europe did not alter the cautious style of Swedish diplomacy. The postwar era presented the Swedes with similar uncertainties which had confronted Stockholm during the late 1930's and the war. The Swedes were convinced that the wartime collaboration between the U.S.S.R. and the Western Allies would not endure once the 'Big Three' powers had achieved their common goal of defeating Germany. Ostensibly the world was at peace, but Sweden continued its policy of armed neutrality in a Europe which would become divided into two armed camps.

The U.S.S.R. assumed Germany's former role as the dominant military power in the Baltic. Although Stockholm did not treat Moscow with the same deference which it had displayed towards Berlin, the Swedes were anxious to accommodate Soviet interests, improve Soviet-Swedish trade and re-affirm Sweden's political and military non-alignment with the Western powers.

American commercial interests were well established and expanding their influence in Sweden at the end of the war, in spite of the War and Navy Departments' ruthless policy towards Swedish-German trade. The United States did not assume Germany's position as Sweden's principal market for raw materials nor did it become Sweden's main coal supplier as Britain had been during the 1930's. The United States was chiefly a supplier of consumer goods and of products and services which incorporated the technologies developed during the war. Before hostilities ended, Washington had negotiated a civil aviation agreement with Stockholm, while the Air Transport Command had established the infrastructure for a transatlantic civil airline. By 1947, Sweden's imports from the United States had drained the Riksbank's dollar reserves almost to the point of exhaustion.

In contrast, Anglo-Swedish trade was balanced heavily in Sweden's favour, in spite of British efforts to promote exports and develop closer ties with Sweden. London and Stockholm concluded the payments agreement in March 1945, after a three month impasse resulting from the

Foreign Office's refusal to compensate the Swedes for lost trade with Germany. The Agreement enabled Britain to import reconstruction materials from Sweden, but it did not lead to the other economic benefits which the Treasury and Foreign Office had expected, such as confidence in sterling, a revived sterling bloc in Europe, or to a substantial increase in British exports to Sweden. No amount of British diplomacy or propaganda could conceal the formidable obstacles to Britain's postwar economic recovery. Furthermore, the continuation of tight government controls over British commerce tended to discourage Swedish businesses from trading more extensively with Britain. Moreover British bureaucrats in the Board of Trade, Ministry of Supply, and Foreign Office lacked the Americans' marketing and bargaining expertise. London did not have a civil aviation agreement with Sweden at the end of the war because the Foreign Office had neglected to negotiate bilateral treaties in the belief that small nations would endorse Britian's internationalization proposal, in spite of the outcome of the 1944 Chicago conference.

Britain still possessed some influence in international affairs. As one of the victorious Allies, Britain occupied part of Germany, was represented on the U.N. Security Council, and possessed an overseas empire and extensive trade routes. Britain's armed forces were still significant, and British weapons incorporated the latest technical innovations. However, Britain never recovered

fully as a major power after the German conquest of Western Europe in the spring of 1940. British prestige in 1945 stemmed largely from Britain's past achievements rather than from London's ability to influence contemporary events. British perseverance in the face of overwhelming odds in 1940 was impressive, but Britain's contribution to the Allied victory in 1945 was outweighed immensely by those of the United States and the Soviet Union. British weakness, as well as increasing international instability, obliged the United States to assume Britain's military commitments in the Mediterranean and Middle East during 1946. The European order of the late 1940's did not resemble the post-Napoleonic Concert of Europe as Eden and Sargent had anticipated in 1943. By the end of the decade Western Europe looked to the United States rather than Britain for economic relief, and for protection against Soviet expansion. The radical redistribution of international power which resulted from World War II denied Britain an opportunity to become, in 1945, the Twentieth Century equivalent of Metternich's Austria.

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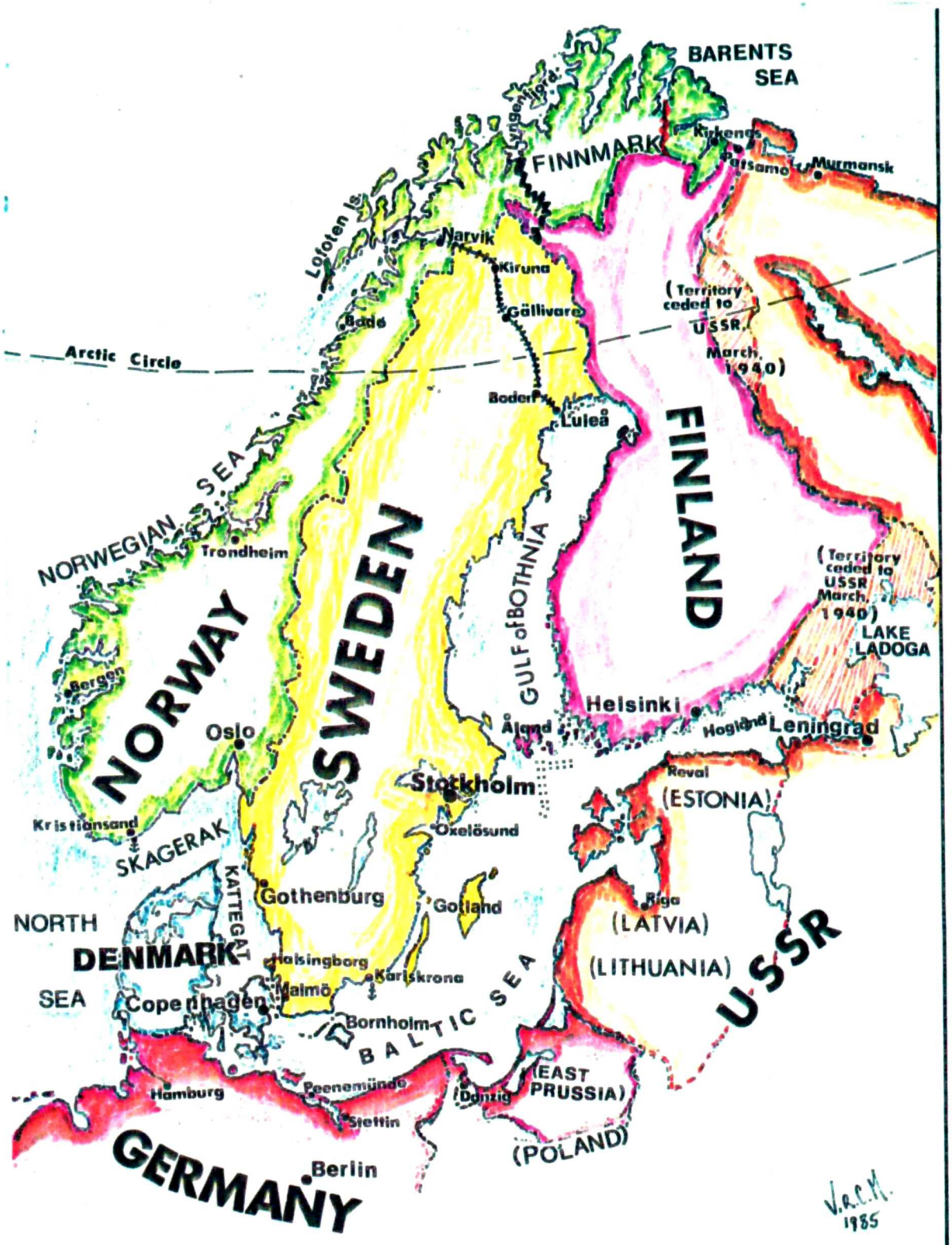
APPENDIX I

MAP:
SWEDEN AND THE WAR



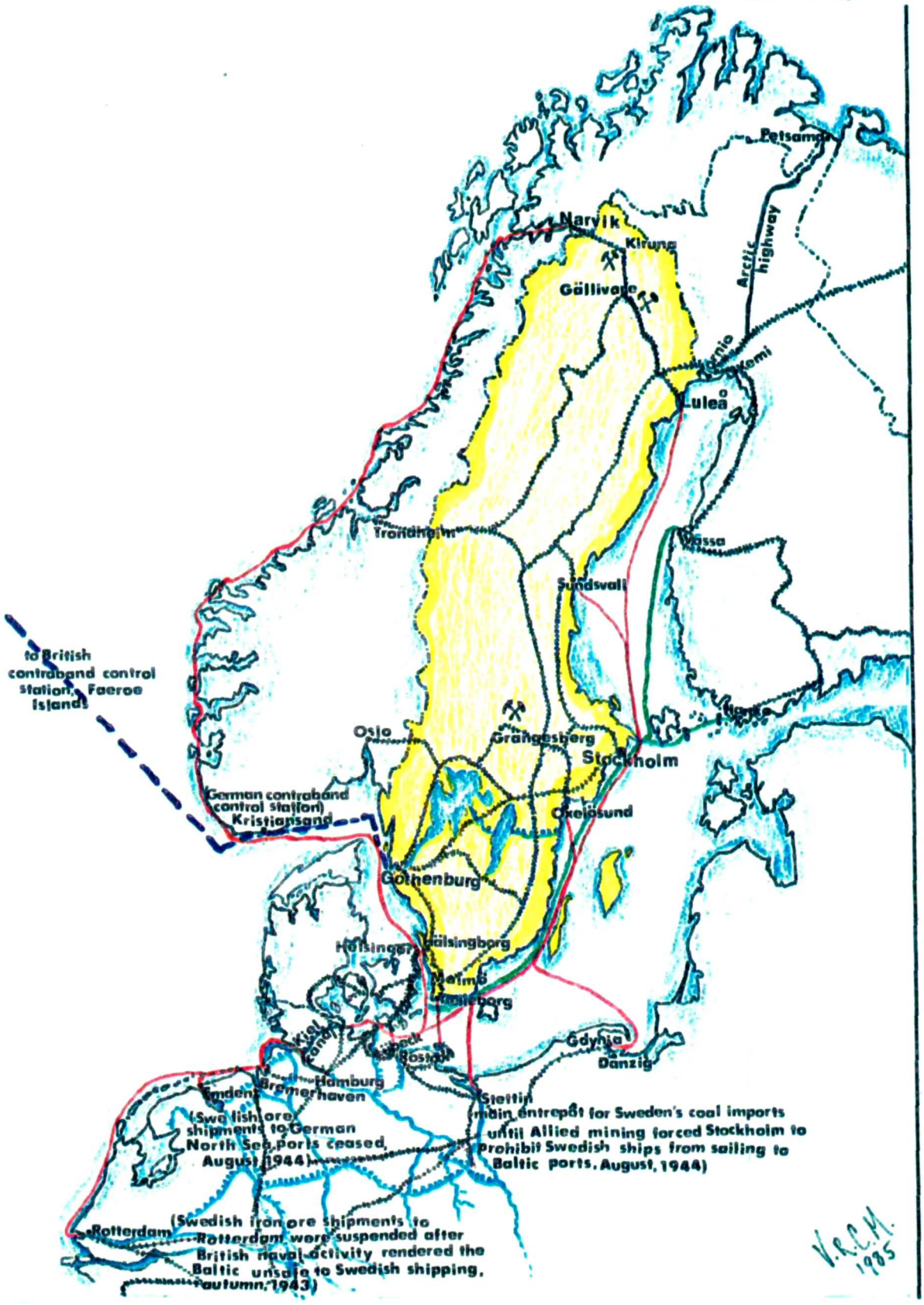
SWEDEN and the WAR

- • • • Øre Sund minefield, laid by the German Navy, 1939
- ::::: Åland minefield, laid by the Swedish & German Navies, 1941
- western limit, Soviet advance into Norway, November, 1944
- German withdrawl position, November, 1944
- naval bases

APPENDIX II

MAP:
SWEDISH TRADE AND COMMUNICATIONS
DURING WORLD WAR II

Appendix II.



Swedish trade and communications during World War II

main shipping routes between Sweden and Germany

safe conduct traffic

inland waterways

Swedish coastal convoy route, used by German military transports, 1941–1943

iron ore mining areas